

# Large Load Power Supply Framework, Proposed Microsoft Contract

June 2, 2025



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# 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
- Preview proposed updates to "Rate Schedule 4 - Large Loads" and "Rate Schedule 36 – Small Data Centers and Similar Loads"
- Get feedback and determine next steps for Microsoft data center contract and Rate Schedule 4 and 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



# 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

**THE WENATCHEE WORLD**  
**North Central**  
 WASHINGTON  
 Page **A2**  
 Thursday, July 18, 2024

**Chelan PUD expects rise in electricity demands, seeks public input**

By SARANATHA VEDHARS  
 World staff

WENATCHEE — Chelan PUD commissioners on Monday evaluated how to meet the rising demand of electricity in a way which protects reliability and stable rates for all.

The demand for electricity is expected to rise exponentially over the next several years as large-load customers, mainly data centers, seek out potential sites to locate, according to a press release.

Large-load customers include data centers, manufacturing plants, and other power-intensive operations, stated the release.

Commissioners considered guiding principles to evaluate the requests including:

- Maintain reliability, and stable and predictable rates
- Preserve local control
- Achieve a comprehensive and durable framework that treats large-load customers comparably and consistently
- Protect existing management of hydropower through wholesale energy marketing strategy
- Staff recommended a framework that allows the PUD to serve large-load customers while also recovering the cost of power and delivery which includes:
- Short-term supply
- Chelan PUD procures wholesale energy from the market and resells to the large-load customer.
- Customer choice: Large-load customer identifies and procures wholesale energy, which Chelan PUD purchases and re-sells to them.

• Negotiated contract: At the Board's discretion, Chelan PUD negotiates a contract which may include Chelan PUD with energy. Large-load customers may be approved by the public and staff.

outsreach@chelanpud.org through Aug. 1. Comments will be reviewed at the Aug. 5 commission meeting.

**Chelan County PUD considers framework for billing large-load customers**

By Kasey Safford 8/1/6, 2024

**Commissioners Consider Framework to Evaluate Future Data Center Requests**

**Public feedback sought as Commission works to create a balance for large-load customer needs**

Information released

Demand for electricity is expected to rise exponentially over the next several years, as large-load customers — mainly data centers — seek out potential sites to locate. On Monday, Chelan PUD commissioners evaluated how the utility can meet that demand in a way that protects reliability and stable, predictable rates for everyone else.

**Chelan PUD weighs new framework for data center power demands**

Posted Monday, July 15, 2024 8:08 pm

NCW News  
 Ward Media

WENATCHEE — Chelan County Public Utility District is considering new approaches to meet growing electricity demand from data centers while protecting existing customers.

The utility's commissioners evaluated a framework for handling requests from large power users, primarily data centers, which are seeking potential sites in the area. Under the proposed guidelines, any new arrangements would need to have a neutral-to-positive impact on other customers and maintain reliability and stable rates.

**CHELAN PUD CONSIDERING HEAVY POWER DEMANDS OF DATA CENTERS**

Jason Taylor | Published: July 16, 2024





# Contract Aligns with Guiding Principles

## Guiding Principles

### Principle #1: 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

## Contract Template

- ✓ PUD can interrupt service to a large load if it causes reliability problems for other customers
- ✓ Service to large loads is contingent on identifying separate power supply
- ✓ Large-load customers pay all costs they cause
- ✓ Designed not to affect rates of other customers
- ✓ 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
<b>Principle #2: Preserve local control</b>	<ul style="list-style-type: none"><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>
<b>Principle #3: Comprehensive and durable framework</b> <input type="checkbox"/> Serve all large load customers comparably and consistently	<ul style="list-style-type: none"><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

*\* Will not affect rates of other customers*



# Changes to Rate Schedules

## Updates to Rate Schedule 4 - Large Loads

- Includes necessary charges for serving large loads. Does not include energy supply
- Ensures large loads do not affect rates and reliability of other customers

## Update to Rate Schedule 36 – Small Data Centers and Similar Loads

- Clarify that only loads up to 5 MW are served under Rate Schedule 36

**Proposed effective date of August 1, 2025**



# Next Steps

## **June 2-12 public comment period**

Gathering comments at public meetings, and via email at [contactus@chelanpud.org](mailto:contactus@chelanpud.org)

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

Confluence Technology Center, presentations by Chelan PUD, Microsoft

## **June 16, 1:00 p.m. Board of Commissioners meeting**

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

## **August**

Microsoft intends to start operations



# Proposed Outreach

- **Staff will:**

- Notify customers affected by proposed changes to Rate Schedules 4 and 36
- Take public comments on the proposed Microsoft contract and changes to Rate Schedules 4 and 36 until 5:00 p.m. on June 12



# Proposed Motion

To approve the proposed outreach plan and to set a rate hearing on June 16, 2025 at 1:00 pm to consider changes to Rate Schedules 4 and 36