



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 <u>rates</u> or <u>reliability</u> of other customers

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?

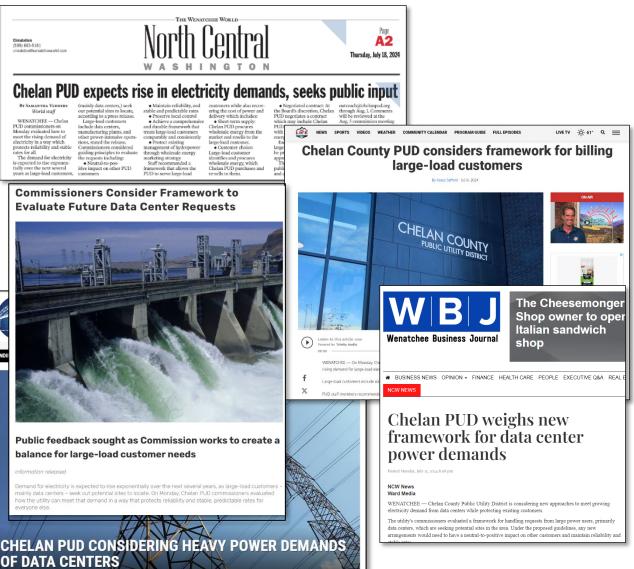
Possible sources of energy for large loads:

- 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



Contract Aligns with Guiding Principles

Guiding Principles Contract Template Principle #1: Neutral-to-positive for other customers ✓ PUD can interrupt service to a large load if it causes Maintain reliability and compliance of electricity service reliability problems for other customers Maintain stable and predictable rates for other Service to large loads is contingent on identifying customers separate power supply Large-load customers pay all costs they cause Protect existing management of hydro resources through wholesale marketing and hedging strategy 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
Principle #2: Preserve local control	 ✓ Serve businesses in the community while protecting autonomy over Chelan PUD hydroelectric and transmission assets ✓ Elected Board of Commissioners retains ongoing oversight of rates
Principle #3: Comprehensive and durable framework ☐ Serve all large load customers comparably and consistently	 ✓ Template contract is reusable for future large loads ✓ Contract is adaptable for changes in laws and markets



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



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

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

