

Large load framework: Public comment summary

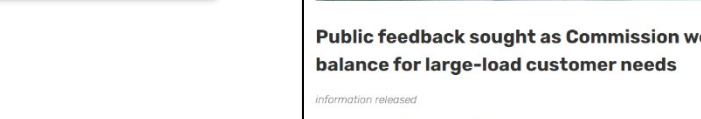
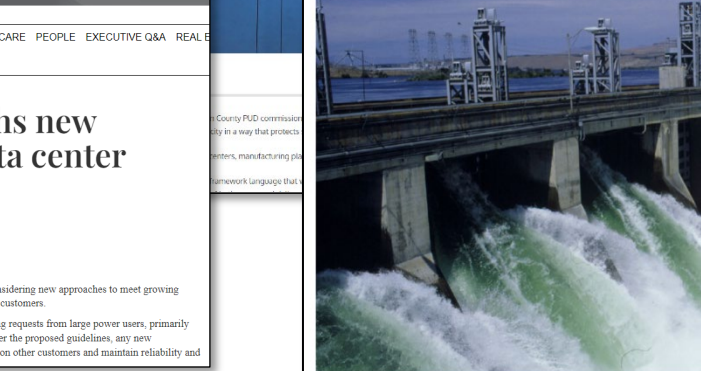
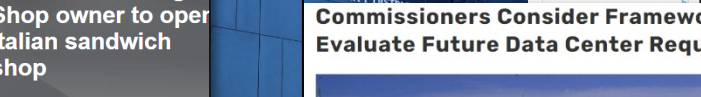
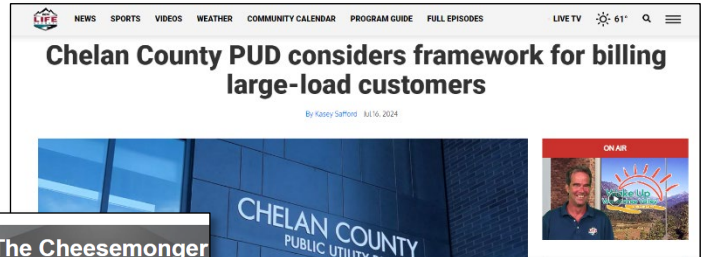
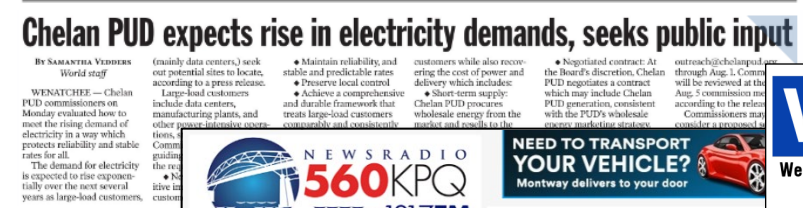
Mike Bradshaw, Director of Energy Structuring & Trading
Charles von Reis, Staff Attorney
Aug. 5, 2024

Why we're here

- Share a summary of public comment
- Discuss themes
- Next steps

Public comment

- July 16-Aug. 1
- 13 total comments: 5 emails, 4 meetings/phone calls, 4 commenters at 7/15 board meeting



Themes (1/2)

- Large-load companies must pay their fair share. Customers made comparisons to past conversations about bitcoin mining.
- 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.

Themes (2/2)

- Interest in the end use of Chelan PUD's surplus energy. Should that energy be used to power data centers, heat/cool homes elsewhere, hydrogen production?
- Consider requirement for rooftop solar for data centers/large loads.
- Guiding principles and framework look correct, need to allocate enough power to meet historical customer base, pleased with approach

- Microsoft: They value being good neighbors and good corporate citizens. This includes paying their fair share.
- Diamond Foundry: Also discussed their involvement in the community, appreciates the PUD.

Questions

Next steps

- **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

Appendix

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

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