

Microsoft Corporation's  
Special Contract  
Annual Renewable Portfolio Standard Report  
for the 2019 Target Year  
pursuant to UTC Order 06 in Docket UE-161123<sup>1</sup>

(NON-CONFIDENTIAL)

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<sup>1</sup> This report is subject to the Commission's general authority to enforce and verify compliance with the terms of the special contract. *See* Docket UE-161123, Order 06 at 26-27.

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<p><u>Section 4.9.3:</u></p> <p>The total number of megawatt-hours from eligible renewable resources and/or renewable resource credits that Microsoft needed to meet its annual requirement under Section 4.9.2 by January 1 of the target year.</p>	<p><u>Paragraph 13(a)(vi):</u></p> <p>The total number of megawatt-hours from eligible renewable resources and/or renewable energy credits that Microsoft needed to meet its annual renewable energy target by January 1 of the target year.</p>	<p><b>Section 2</b>  <b>Renewable Energy Target</b>            Page 1</p>
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<p><u>Section 4.9.2.7:</u></p> <p>Instead of fully meeting its annual renewable resource target in Section 4.9.2, Microsoft may make a force majeure demonstration in its annual renewable portfolio standard report that events beyond its reasonable control, that could not have been reasonably anticipated or ameliorated, prevented it from meeting the renewable</p>	<p><u>Paragraph 13(a)(vii):</u></p> <p>Instead of fully meeting its annual renewable resource target in this section, Microsoft may make a force majeure demonstration in its annual renewable portfolio standard report that events beyond its reasonable control, that could not have been reasonably anticipated or ameliorated, prevented it from meeting the renewable</p>	<p><b>Section 5</b>  <b>Force Majeure Demonstration</b>            Page 3</p>

Special Contract	Settlement Stipulation and Agreement	Section/Page of RPS Report
energy target. Such events may include weather-related damage, mechanical failure, strikes, lockouts, or actions of a governmental authority that adversely affect the generation, transmission, or distribution of an eligible renewable resource owned by or under contract to Microsoft.	energy target. Such events may include weather-related damage, mechanical failure, strikes, lockouts, or actions of a governmental authority that adversely affect the generation, transmission, or distribution of an eligible renewable resource owned by or under contract to Microsoft.	
N/A	<p><u>Paragraph 19:</u></p> <p>By March 31 of each year, Microsoft will provide to PSE a list of the identity of all Power Suppliers, as that term is defined in the Special Contract, along with the corresponding amount and source of supplied power and/or renewable energy credits.</p>	<p><b>Section 6</b>  <b>Power Supplier Identity and Resources</b>  Page 3</p>

## Section 1. Annual Load for the Prior Two Years

*This section provides Microsoft's annual load for the prior two years and Microsoft's renewable energy target based on Microsoft's annual load from the prior two years.<sup>2</sup>*

	<u>2017</u>	<u>2018</u>
Microsoft's annual load under the Special Contract (MWh)	0	0
Microsoft's aggregate annual load for all locations identified in Exhibit A to the Special Contract (MWh) <sup>3</sup>	██████████	██████████
Annual renewable energy target	N/A	0% <sup>4</sup>

The source of this data is data regarding Microsoft's purchases from PSE in 2017–2018 and the Special Contract. The Term of the Special Contract began July 1, 2018. Special Contract § 3.1. The applicable percentage is therefore 25%. Special Contract § 4.9.2.1(a). No load was served under the Special Contract in 2018. Microsoft anticipates that load will be served beginning April 1, 2019 and that the 25% renewable energy target in 2019 will be met pursuant to the power purchase agreement with the power supplier(s).

## Section 2. 2019 Renewable Energy Target

*This section provides the total number of megawatt-hours (MWh) from eligible renewable resources and/or renewable energy credits that Microsoft needed to meet its annual renewable energy target by January 1 of the target year.<sup>5</sup>*

### Calculation of 2019 Renewable Energy Target:

	<u>2017</u>	<u>2018</u>
Microsoft's annual load under the Special Contract (MWh)	0	0

<sup>2</sup> For the first year of service under the Special Contract, Microsoft's annual target will be calculated based on Microsoft's load for the prior two years. For the second year under the Special Contract, Microsoft's annual target will be calculated based on the first full year amount of delivered electricity under the Special Contract. For each subsequent year, Microsoft's annual target will be calculated based on the average of Microsoft's delivered electricity under the Special Contract for the prior two years. Special Contract § 4.9.2.5. Microsoft expects that the 25% renewable energy target in 2019 will be met pursuant to its power purchase agreement with the power supplier(s).

<sup>3</sup> These load figures reflect actual usage in 2017 and 2018 at the 93 meters that will migrate to Special Contract service, without any adjustment for distribution losses because Microsoft was taking bundled service in 2017–18.

<sup>4</sup> The Special Contract establishes a 25% eligible renewable energy target for Microsoft in 2018. Special Contract § 4.9.2.1(a). Special Contract Service to Microsoft did not commence in 2018, however, because all of the conditions to commencement of service were not satisfied until after 2018. Special Contract § 3.2. Thus Microsoft did not have a renewable energy target for 2018.

<sup>5</sup> Special Contract Service to Microsoft had not commenced in 2018 because all of the conditions to commencement of service were not satisfied until after 2018. Special Contract § 3.2.

Microsoft’s aggregate annual load for all locations identified in Exhibit A to the Special Contract (MWh) [REDACTED]

Average Load anticipated under Special Contract (April 1–Dec. 31, 2019)  
25% of anticipated Average Load [REDACTED]

**Section 3. Renewable Energy Acquired To Meet 2019 Renewable Energy Target**

*This section provides the amount (in megawatt-hours (MWh)) of each type of eligible renewable resource Microsoft used to meet its renewable energy target for the target year.*

NOTE: Microsoft expects that the 25% eligible renewable energy target in 2019 will be met and far exceeded pursuant to the power purchase agreement between Microsoft and Public Utility District No. 1 of Chelan County (“Chelan PUD”), under which Microsoft’s power supply requirements will be met with incremental hydropower. Incremental hydropower constitutes an “eligible renewable resource” under RCW 19.285.030(12). Under the power purchase agreement with Chelan PUD, Microsoft will receive the environmental attributes associated with the incremental hydropower delivered to Microsoft and Chelan PUD will transfer the associated renewable energy certificates to Microsoft’s WREGIS account. Microsoft will retire the certificates in WREGIS. Accordingly, Microsoft’s purchases of incremental hydropower will count toward the 25% target.

Incremental Hydropower Resources <sup>(1)</sup>	[REDACTED]
Eligible Wind Resources	0
Solar	0
Biomass	0
Other “renewable resources” per RCW 19.285.030	0

(1) Same as the load anticipated to be served under the Special Contract in April through December 2019.

Microsoft plans to submit verification the Company satisfied its 2019 obligations with respect to eligible renewable energy acquired once the performance year concludes.

**Section 4. Renewable Energy Credits Acquired To Meet 2019 Renewable Energy Target**

*This section provides the amount (in megawatt-hours (MWh)) and types of renewable energy credits Microsoft acquired by January 1 of the target year to meet its renewable energy target for that year.*

NOTE: Microsoft expects that the 25% renewable energy target in 2019 will be met pursuant to the power purchase agreement with Chelan PUD and accordingly Microsoft does not expect to purchase RECs to meet the renewable energy target.

Total renewable energy credits acquired	0
Amount of bundled renewable energy credits acquired	0

Amount of acquired unbundled renewable energy credits produced in the target year	0
Amount of acquired unbundled renewable energy credits produced in the year preceding the target year	0
Amount of acquired unbundled renewable energy credits produced in the year subsequent to the target year	0
Total renewable energy credits acquired [WREGIS certificates]	0
Additional renewable energy credits from multipliers applied pursuant to WAC 480-109-200(4)	0

Microsoft plans to submit verification the Company satisfied its 2019 obligations with respect to RECs acquired once the performance year concludes.

### Section 5. Force Majeure Demonstration

*This section states whether Microsoft is making a force majeure demonstration that events beyond its reasonable control, that could not have been reasonably anticipated or ameliorated, prevented it from meeting the applicable renewable energy target. Such events may include weather-related damage, mechanical failure, strikes, lockouts, or actions of a governmental authority that adversely affected the generation, transmission, or distribution of an eligible renewable resource owned by or under contract to Microsoft.*

Microsoft is not making a force majeure demonstration for the 2019 target year.

### Section 6. Power Supplier Identity and Resources

*This section provides a list of power suppliers supplying power to Microsoft during the target year and the corresponding amount and source of supplied power and/or renewable energy credits.*

Supplier	Amount of Supplied Power (MWh)	Source of Supplied Power	Renewable Energy Credits (Y/N)
Public Utility District No. 1 of Chelan County, Washington.	Microsoft anticipates procuring [REDACTED] from Chelan PUD District No. 1, which equates to the Company's average load anticipated under the Special Contract between April 1 and Dec. 31, 2019. This supplied power will have the environmental	Incremental hydro resources as defined by RCW 19.285.030(12).	No. Microsoft will receive the environmental attributes associated with the incremental hydropower purchased from Chelan PUD and will provide a list of the associated WREGIS certificate serial numbers transferred

	attributes associated with incremental hydropower under RCW 19.285.030(12).		to Microsoft's WREGIS account.
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Microsoft plans to submit verification the Company satisfied its 2019 obligations with respect to carbon-free supplied power once the performance year concludes.