

Agenda Date: August 8, 2019  
Item Number: F1

**Docket:** UE-161123  
**Companies:** Puget Sound Energy, Microsoft Corporation

**Staff:** Jim Woodward, Regulatory Analyst

## **Recommendation**

Take no action, thus acknowledging that:

1. Microsoft Corporation (Microsoft) met its 2019 renewable portfolio standard and carbon-free power supplier reporting requirements as described in the settlement stipulation and special contract adopted in the commission's Order 06 under Docket UE-161123.<sup>1</sup>
2. Puget Sound Energy (PSE) timely filed the report prepared by Microsoft Corporation as required under the settlement stipulation and special contract adopted in the commission's Order 06 under Docket UE-161123.

## **Background**

Per commission Order, PSE must file with the commission an annual renewable portfolio standard (RPS) report developed by Microsoft by March 31.<sup>2</sup> Microsoft's settlement stipulation and special contract with PSE allowed the large commercial user to leave the customer base of a regulated electric investor-owned utility (IOU) within the State of Washington. The settlement stipulation indicates Microsoft will meet its electricity needs under the special contract with 25 percent eligible renewable resources from commencement of service under the special contract through 2020. Furthermore, the settlement stipulation provides that Microsoft "will require all its suppliers to provide carbon-free power from identified generating resources."<sup>3</sup> Microsoft's withdrawal from PSE's customer demand load will likely reduce PSE's Energy Independence Act (EIA) RPS compliance requirement starting in 2020.

The requirements for Microsoft's annual RPS reporting are similar to the electric IOU requirements as set forth in the EIA, with one important distinction: Microsoft does not need to furnish incremental cost calculations of the eligible resources comprising the company's portfolio. However, Microsoft's special contract with PSE does include a carbon-free power supplier disclosure provision not applicable to the electric IOUs.<sup>4</sup> Commission staff (staff), PSE, and the Microsoft RPS team discussed how best to address the carbon-free power supplier disclosure provision ahead of PSE filing Microsoft's report with the commission. The Microsoft RPS team agreed to document its carbon-free power supplier requirement as an additional section within the company's annual RPS report.

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<sup>1</sup> See Docket UE-161123, Order 06, ¶ 64-71 (July 13, 2017). Order 06 approved and adopted a settlement stipulation among all parties that approves a special contract between PSE and Microsoft.

<sup>2</sup> *Id.*

<sup>3</sup> See Docket UE-161123, Settlement Stipulation and Agreement, ¶ 13 (April 11, 2017).

<sup>4</sup> *Id.*

## **Discussion**

The special contract between PSE and Microsoft went into effect as of April 1, 2019, and PSE filed Microsoft's RPS report with the commission on May 24, 2019. Staff noted no data issues with Microsoft's 2019 RPS report. However, staff did observe Microsoft redacted significant portions of its 2019 report to keep confidential its aggregate annual load taken while still a customer of PSE during 2017 and 2018.<sup>5</sup>

Staff held subsequent discussions with relevant stakeholders (e.g., Northwest Energy Coalition, NWEC) to confirm whether the confidential nature of Microsoft's RPS report met the intentions of the original Order and Settlement Agreement. NWEC's overarching concern was that the confidential nature of the filing makes the information inaccessible to other advocacy organizations that were not party to the original agreement, but who may be interested in tracking overall state RPS compliance. While NWEC continues to harbor this concern, no other organizations have come forward with an interest in reviewing the confidential material. Hence, NWEC confirmed with staff they will not pursue a remedy at this time.

Staff believes Microsoft has complied with its 2019 RPS and carbon-free power supplier requirements as outlined in Order 06, the corresponding Settlement Agreement, and special contract.

## **Conclusion**

Take no action, thus acknowledging that Microsoft met its 2019 renewable portfolio standard and carbon-free power supplier reporting requirements.

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<sup>5</sup> See Docket UE-161123, MSFT 2019 RPS Report – 05-24-19. Section 1.