

Microsoft Corporation's  
Special Contract  
Annual Renewable Portfolio Standard Report  
for the 2020 Target Year  
pursuant to UTC Order 06 in Docket UE-161123<sup>1</sup>

**(REDACTED VERSION)**

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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 ¶¶ 67-71.

May 29, 2020

## Required Contents: Checklist and Table of Contents<sup>2</sup>

<b>Special Contract</b>	<b>Settlement Stipulation and Agreement</b>	<b>Section/Page of RPS Report</b>
<p><u>Sections 4.9.3 and 4.9.2.5:</u></p> <p>Microsoft’s annual load under the Special Contract based on the first-year amount of delivered electricity.</p>	<p><u>Paragraph 13(a)(iv):</u></p> <p>Microsoft’s annual load under the Special Contract based on the first-year amount of delivered electricity.</p>	<p><b>Section 1</b>  <b>First Year Delivered Electricity</b>            Page 1</p>
<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>
<p><u>Sections 4.9.2 and 4.9.3:</u></p> <p>The amount (in megawatt-hours) of each type of carbon-free resource and eligible renewable resource used.</p>	<p><u>Paragraph 13(a)(vi), 13(b):</u></p> <p>The amount (in megawatt-hours) of each type of eligible renewable resource used, and each type of carbon-free resource used.</p>	<p><b>Section 3</b>  <b>Renewable Energy and Carbon Free Resources Acquired To Achieve Compliance with the Special Contract Requirements</b>            Page 2</p>

<sup>2</sup> In its 2019 Compliance Report, Microsoft committed to submit verification that it had satisfied its 2019 obligations with respect to its renewable energy and carbon-free supplied power requirements under the Special Contract. Microsoft intends to submit a separate report demonstrating this compliance once all WREGIS certificates for 2019 have been recorded in Microsoft’s name. Microsoft anticipates it will have the necessary information to demonstrate compliance by August 2020. PSE has agreed to submit this additional compliance report.

Special Contract	Settlement Stipulation and Agreement	Section/Page of RPS Report
<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 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.</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 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.</p>	<p><b>Section 4</b> <b>Force Majeure Demonstration</b> Page 2</p>
<p>N/A</p>	<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 5</b> <b>Power Supplier Identity and Resources</b> Page 3</p>

## Section 1. First Year Delivered Electricity

2019

Microsoft's delivered electricity in Calendar Year 2019 for all locations identified in Exhibit A to the Special Contract (MWh)<sup>3</sup>

██████████<sup>4</sup>

These load figures reflect actual usage as measured by the meters that have migrated to Special Contract service.

## Section 2. 2020 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.*

### Calculation of 2020 Renewable Energy Target:

2019

First year delivered electricity for Special Contract locations

██████████

25% of first year delivered electricity<sup>5</sup>

██████████

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<sup>3</sup> Microsoft reports here total calendar year 2019 metered consumption for the Special Contract locations as a proxy for the first-year amount of delivered electricity under the Special Contract. Section 4.9.2.5 of the Special Contract provides: "For the second year under the Term, Microsoft will calculate its annual target based on the first year amount of delivered electricity." The Effective Date of the Special Contract was July 1, 2018. Special Contract § 3.1. Accordingly, Microsoft interprets the "second year under the Term" to be July 1, 2019 through June 30, 2020 and is, therefore, reporting consistent with the second-year requirements. Microsoft acknowledges that Section 4.9.2.5 is subject to interpretation, and it could require use of the delivered electricity under the first year of the Special Contract Term (July 1, 2018 through June 30, 2019) as the basis for the renewable energy target. Under that interpretation, Microsoft's first-year amount of delivered electricity would be ██████████ MWh. Microsoft further notes that, because it began taking service under the Special Contract on April 1, 2019, it does not yet have a full year of "delivered electricity" under the Special Contract. An annualized amount of delivered electricity under the Special Contract from April 1, 2019 through December 31, 2019 would be ██████████ MWh.

<sup>4</sup> Microsoft is redacting its customer-specific usage information pursuant to the terms of the protective order issued in this docket, as well as RCW 80.04.095 and WAC 480-07-160(2)(b), both of which include "customer-specific usage" as commercially sensitive information subject to protection from disclosure. Additionally, this information represents proprietary and competitively sensitive information that could be used to Microsoft's detriment if publicly disclosed.

<sup>5</sup> Under Section 4.9.2.1, "Microsoft shall procure Supplied Power from Eligible Renewable Resources or shall procure Renewable Energy Credits, or any combination thereof ... to meet the following annual targets: (a) For calendar years 2018-2020, at least 25% of Microsoft's Total Load ...."

**Section 3. Renewable Energy and Carbon-Free Resources Acquired To Achieve Compliance with the Special Contract Requirements**

*This section provides the amount (in megawatt-hours (MWh)) of each type of eligible renewable resource and carbon-free resource Microsoft has acquired to meet its 2020 target.*

Incremental Hydropower Resources <sup>(1)</sup>		
Carbon-Free Resources acquired <sup>6</sup>		0

(1) Same as the load anticipated to be served under the Special Contract for 2020.

Microsoft plans to submit verification that it satisfied its 2020 obligations with respect to eligible renewable energy acquired once the performance year concludes.

**Section 4. Force Majeure Demonstration**

*This section states whether Microsoft is making a force majeure demonstration that events beyond its 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 2020 target year.

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<sup>6</sup> The Special Contract further requires Microsoft to serve load not served by Eligible Renewable Resources with Carbon-Free Resources. Special Contract § 4.9.2. Because Microsoft’s entire load is expected to be met with Eligible Renewable Resources, Microsoft has no additional Carbon-Free Resources to report. To the extent Microsoft receives ancillary or other incidental services from fossil fuel-fired or unspecified resources, Microsoft will acquire sufficient renewable energy credits to offset these deliveries, as required by Section 4.9.2 of the Special Contract

**Section 5. Power Supplier Identity and Renewable 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
Public Utility District No. 1 of Chelan County, Washington.	Microsoft anticipates procuring [REDACTED] MWh from Chelan PUD District No. 1, which equates to the “first year amount of delivered electricity” for the locations under the Special Contract.	Incremental hydro resources as defined by RCW 19.285.030(12)(b).	Microsoft will receive the environmental attributes, including RECs, associated with the incremental hydropower purchased from Chelan PUD.