

Microsoft Corporation's  
Special Contract  
Annual Renewable Portfolio Standard Report  
for the 2021 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.

## 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 average of delivered electricity over the previous two years.</p>	<p><u>Paragraph 13(a)(iv):</u></p> <p>Microsoft’s annual load under the Special Contract based on the average of delivered electricity over the previous two years.</p>	<p><b>Section 1</b>  <b>Average of Delivered Electricity for Previous Two Years</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 energy 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> As it did for calendar year 2019, Microsoft intends to submit a separate report demonstrating its compliance with the renewable and carbon free requirements of the Special Contract in 2020 once all WREGIS certificates for 2020 have been recorded in Microsoft’s name. Microsoft anticipates it will have the necessary information to demonstrate compliance by August 2021. 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</b> <b>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</b> <b>and Resources</b> Page 3</p>

**Section 1. Average of Delivered Electricity for Previous Two Years**

2019-2020

The average of Microsoft’s delivered electricity in Calendar Years 2019 and 2020 for all locations identified in Exhibit A to the Special Contract (MWh)<sup>3</sup>

██████████<sup>4</sup>

**Section 2. 2021 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 2021 Renewable Energy Target:

2019-2020

Average of delivered electricity for Special Contract locations for previous two years

██████████

40% of average of delivered electricity for previous two years<sup>5</sup>

██████████

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<sup>3</sup> Microsoft began taking service under the Special Contract on April 1, 2019. Accordingly, it does not have a full year of “delivered electricity under the Special Contract” for 2019. Microsoft is using data from PSE for January through March to fill in a full year of delivered electricity for 2019. This is consistent with how Microsoft reported its delivered electricity in its Renewable Portfolio Standard Report for 2020. All deliveries for 2020 for the subject locations were under the Special Contract. If, instead of using PSE data for January through March 2019, deliveries under the Special Contract are annualized for 2019, the average of Microsoft’s delivered electricity in Calendar Years 2019 and 2020 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: ... (b) For each calendar year after 2020, the higher of (i) 40% of Microsoft’s Total Load, or (ii) the percentage specified in RCW 19.285.040(2) (as amended or supplemented) and applicable to PSE.”

**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 2021 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 2021.

Microsoft plans to submit verification that it satisfied its 2021 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 2021 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

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**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 (Chelan PUD).	Microsoft anticipates procuring [REDACTED] MWh from Chelan PUD, which equates to the “average of Microsoft’s delivered electricity under the Special Contract for the previous two years.”	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.