

Microsoft Corporation's
Special Contract
Annual Renewable Portfolio Standard Report
for the 2023 Target Year
pursuant to UTC Order 06 in Docket UE-161123¹

(REDACTED)

¹ 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.

March 14, 2023

Required Contents: Checklist and Table of Contents²

Special Contract	Settlement Stipulation and Agreement	Section/Page of RPS Report
<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>Section 1 Average of Delivered Electricity for Previous Two Years 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>Section 2 Renewable Energy Target 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>Section 3 Renewable Energy and Carbon Free Resources Acquired to Achieve Compliance with the Special Contract Requirements Page 1</p>

² Microsoft intends to submit a separate report demonstrating its compliance with the renewable and carbon free requirements of the Special Contract in 2023 once all WREGIS certificates for 2023 have been recorded in Microsoft’s name. Microsoft anticipates it will have the necessary information to demonstrate compliance by August 2024. 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>Section 4 Force Majeure Demonstration 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>Section 5 Power Supplier Identity and Resources Page 2</p>

Section 1. Average of Delivered Electricity for Previous Two Years

2021-2022

The average of Microsoft’s delivered electricity in Calendar Years 2021 and 2022 for all locations identified in Exhibit A to the Special Contract (MWh)

██████████³

Section 2. 2023 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 2023 Renewable Energy Target:

2021-2022

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

██████████

40% of average of delivered electricity for previous two years⁴

██████████

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 2023 target.

Incremental Hydropower Resources ⁽¹⁾	██████████
Carbon-Free Resources acquired ⁵	0

(1) Same as the load anticipated to be served under the Special Contract for 2023.

³ 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.

⁴ 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.”

⁵ The Special Contract further requires Microsoft to serve load not served by Eligible Renewable Resources with Carbon-Free Resources. § 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 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 2023 target year.

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 ████████ 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.

Microsoft plans to submit verification that it satisfied its 2023 obligations with respect to eligible renewable energy acquired once the performance year concludes.