

New Computational Load Rates (CLRs)

Data Center Rate Schedule and Updates

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What is the objective of today's presentation?

- We will propose a new rate class for computational loads.

Why is this necessary?

- Despite Tacoma and Pierce County moratoriums, there is still a strong potential that new computational loads locate in our service territory outside of Tacoma City limits or on tribal land. Tacoma Power has a legal obligation to serve new loads.
- We want to ensure that our customers are protected from risks unique to computational loads.
- We want to ensure that serving computational loads will provide existing customers with rate benefits.

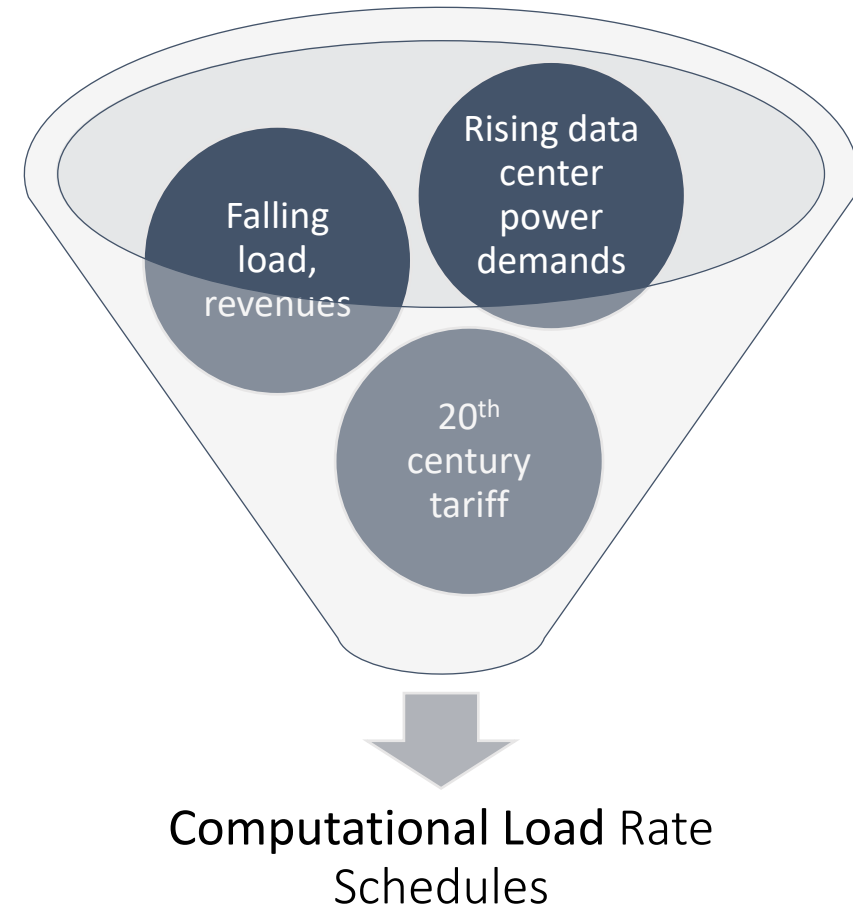
Is this consistent with other utilities?

- Yes, many utilities in the Northwest and across the country are establishing specific computational load rates.

Data Center Rates to Meet the Moment

Agenda

1. Proposed creation of Computational Load Rates (CLR, Very Large CLR) in principle
2. New strategy to shift bespoke contract provisions into standard rate schedule provisions for data centers
3. Issues for staff to address by December Study Session



Updates to Manage Data Centers' Unique Risks



Large and Growing
Load



Volatile Demand,
Inaccurate Forecasts



Resource
Procurement
Challenges

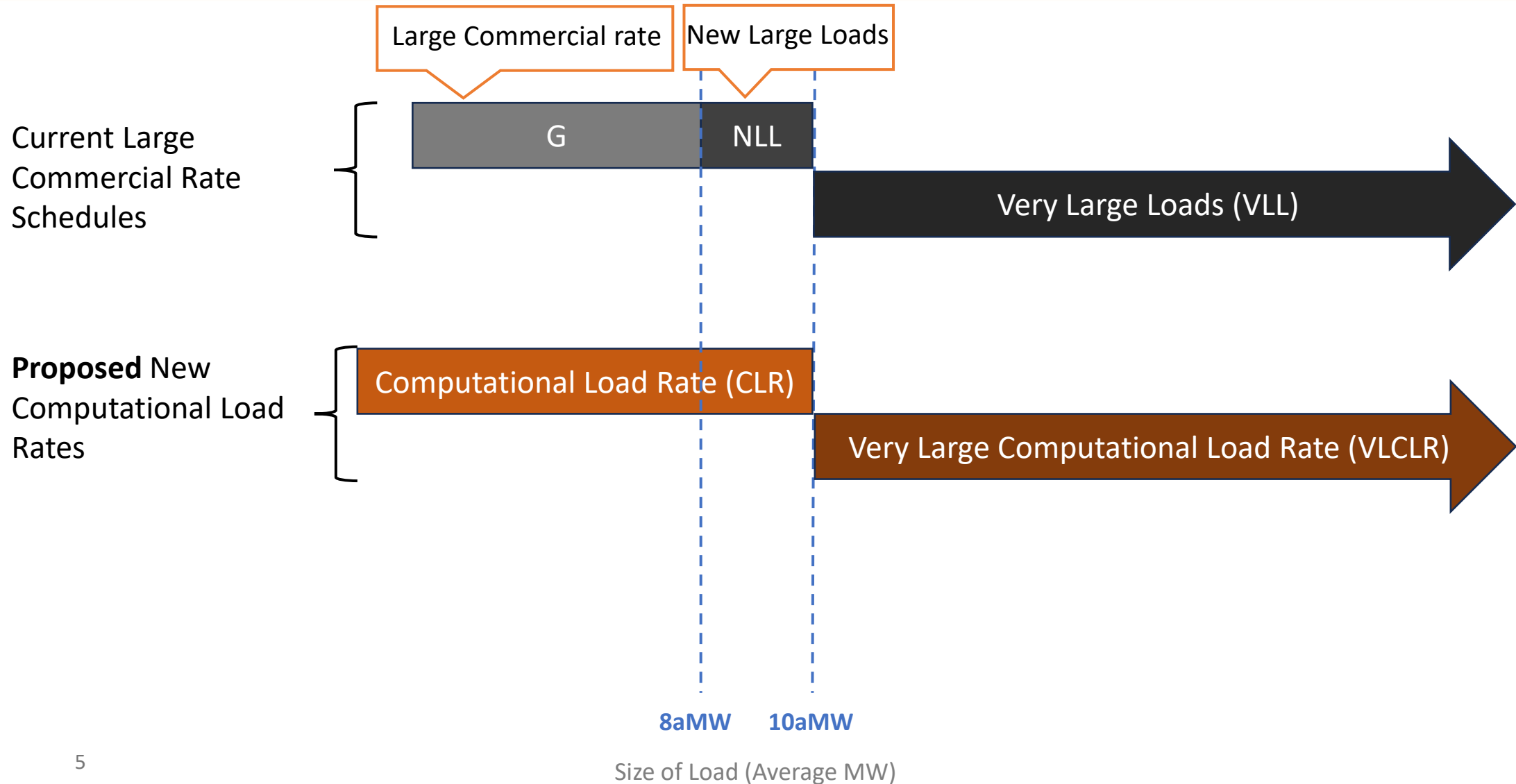


High Abandonment
Risk

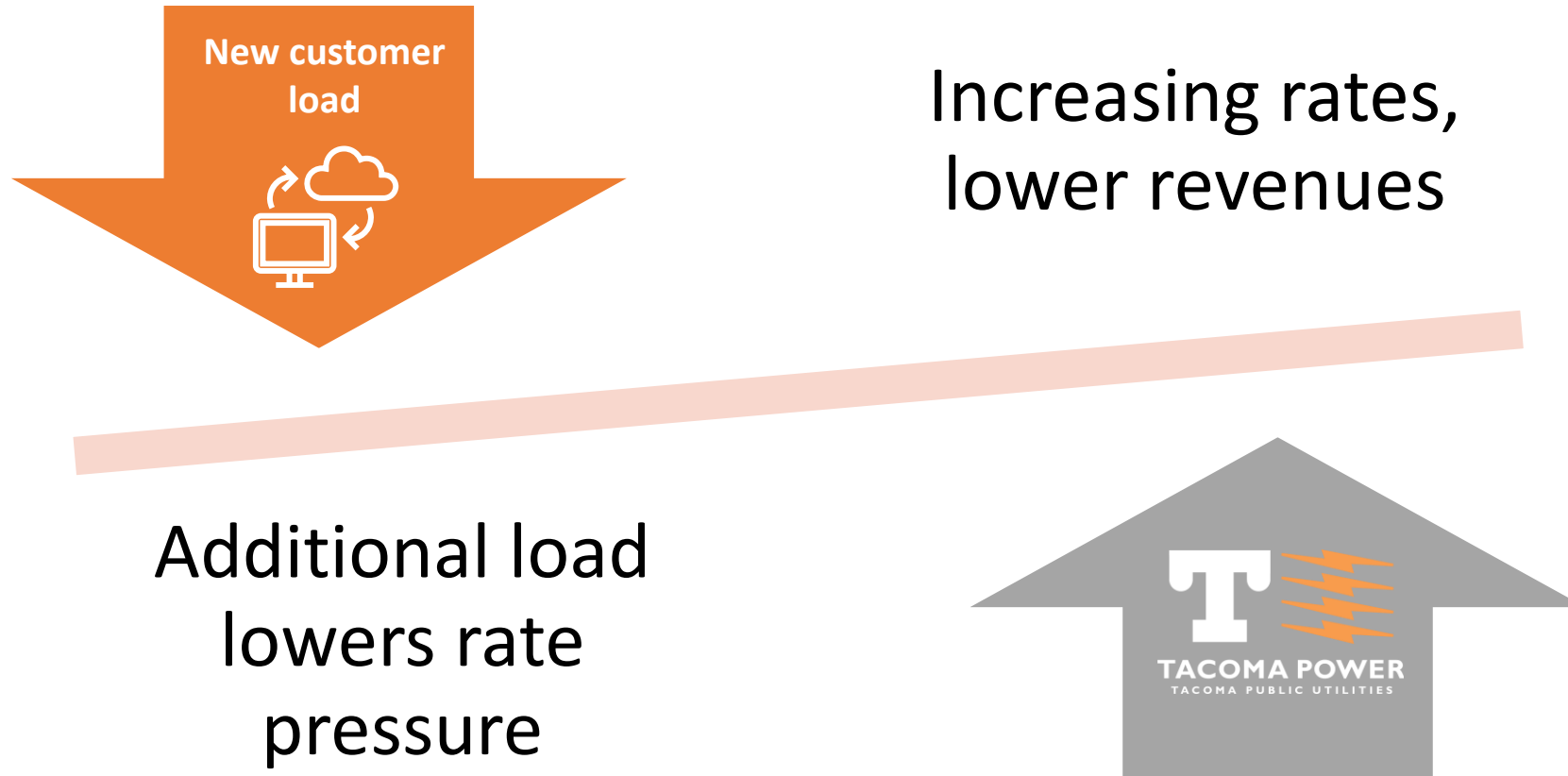


Downsides Driving
Moratoriums, NERC
standards

Proposal vs. Current Large Load Rate Schedules



CLR Goal: Protect Customers, Counter Rate Pressure

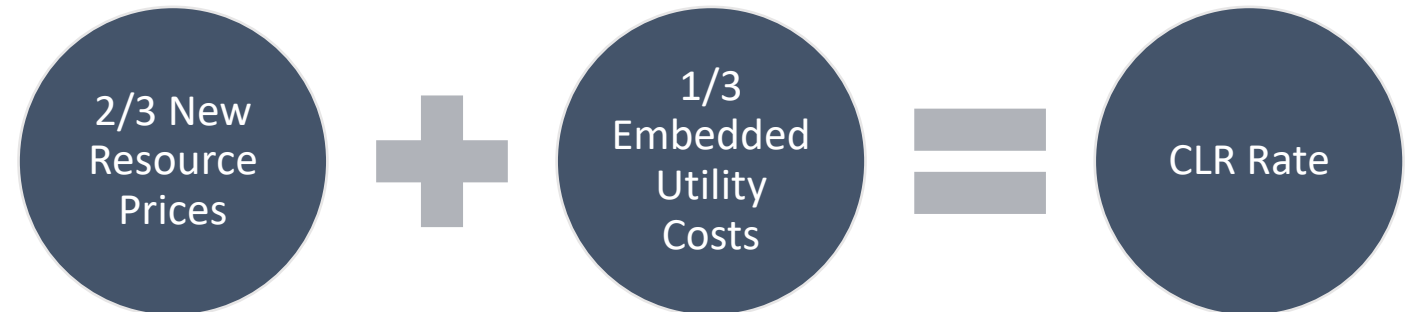


Pilot Computational Load Rate for 10 aMW< Customers



CLR Pilot Rate Design

- 30 aMW available for CLR pilot
- Rate design biannually reassessed
- Each Pilot customer less than 10 aMW
- Blended rate design protects existing customers from data center costs, risks

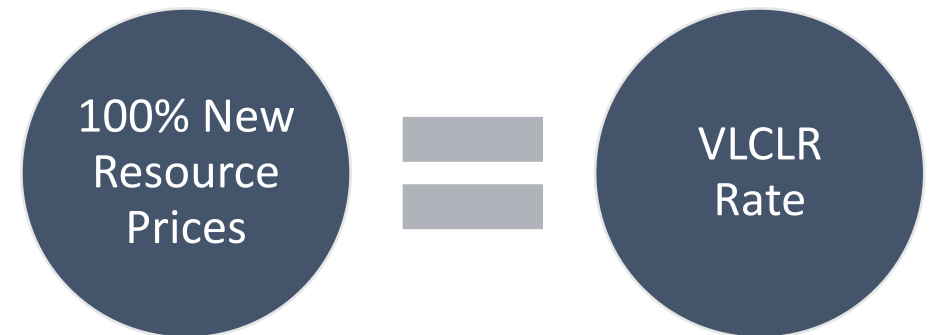


New Very Large (10 aMW+) Customers Roll Into VLCLR



VLCLR Rate Design

- Available to any size Computational Load customer
- Pass through “market price” cost of CETA & WRAP-compliant resource purchases
- Pass through cost of transmission
- Build on existing NLL, VLL customer protections to mitigate specific data center risks:
 - Credit requirements, e.g. letter of credit
 - Take-or-pay provisions
 - Demand-side management requirements



Rate Structure for CLR pilot (loads under 10 aMW) & Rate/Price floor for VLCLR:

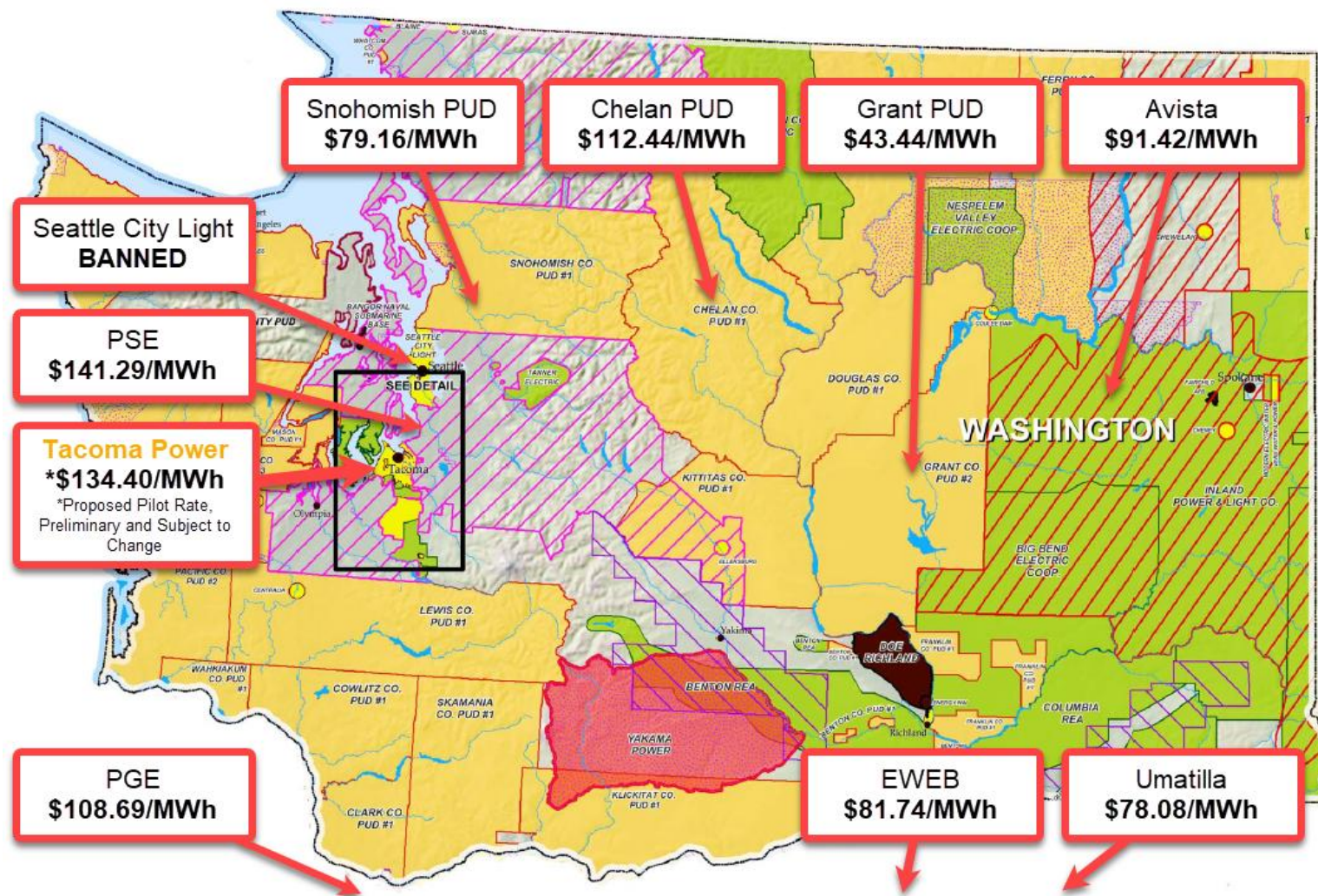
- Energy: \$103.11 per MWh (\$0.10311 per kWh)
- Demand: \$18.29 per kW-month
- Customer Charge: \$5,928.25 per month

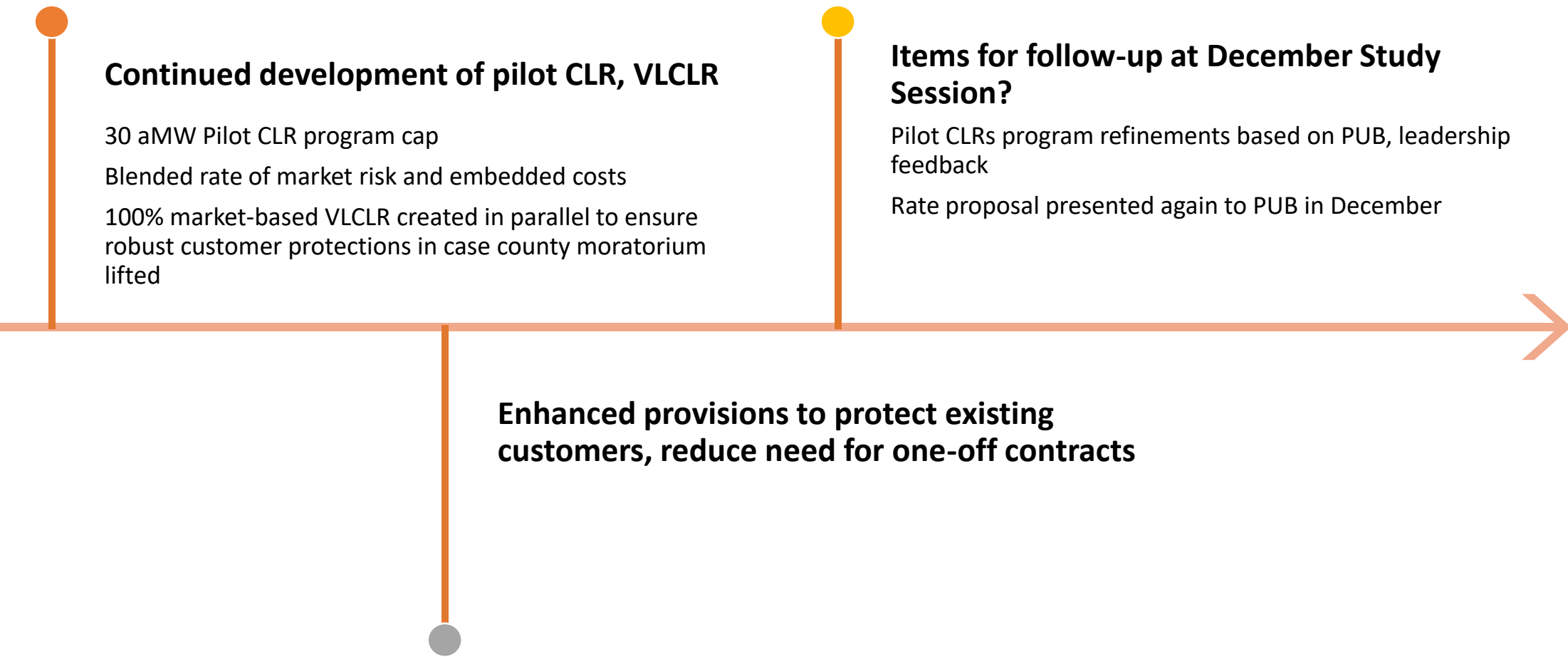
Revenue and Potential Effective Rate

	Single Customer	Total 30 aMW block
Gross Annual Revenue (\$/yr)	\$11,646,953	\$34,940,858
Effective Rate (\$/MWh)	\$134.40	\$134.40
Incremental Gross Earnings	\$698,817	\$2,096,452

⁹ Tax (GET)

Comparative Peer Utility Rates





Continued development of pilot CLR, VLCLR

30 aMW Pilot CLR program cap

Blended rate of market risk and embedded costs

100% market-based VLCLR created in parallel to ensure robust customer protections in case county moratorium lifted

Items for follow-up at December Study Session?

Pilot CLRs program refinements based on PUB, leadership feedback

Rate proposal presented again to PUB in December

Enhanced provisions to protect existing customers, reduce need for one-off contracts