Microsoft prepares to shop for renewables

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In a move that could be a step toward opening up Washington's retail market, Microsoft, Puget Sound Energy and others have reached an agreement that allows the technology giant to buy power from third party suppliers.

Like other companies, Microsoft has corporate goals related to its energy use. The company says by entering into power supply deals with renewable generators and buying renewable energy credits that it is carbon neutral.

Using a retail wheeling contract filed Wednesday with the Washington Utilities and Transportation Commission, Microsoft intends to buy renewables for its operations in Washington where its headquarters is located. The PSE customer has an annual load in Washington of about 438,000 MWh, according to testimony filed at the PUC.

Microsoft intends to buy 80% of its power supply under the arrangement, which requires the company to pay a $23.7 million exit fee to cover PSE's fixed costs. The company will also continue to contribute to PSE's energy efficiency initiatives.

The contract provides an "excellent model" for open access contracts and will allow the company to meet its business and sustainability goals more efficiently and quickly, Irene Plenefisch, Microsoft government affairs director, said in testimony filed with the PUC.

Microsoft aims to start using its proposed retail wheeling services contract starting July 1, 2018. The company is in talks with potential power suppliers after issuing a request for proposals early this year.

The settlement agreement surrounding the retail wheeling contract is backed by UTC staff, the state's ratepayer advocate, the Northwest & Intermountain Power Producers Coalition and others are part of the settlement agreement.

PUC will explore retail wheeling for industrial, commercial

The contract only applies to Microsoft, but after the PUC makes a decision on the agreement, commission staff will ask that a docket be opened to explore retail wheeling for industrial and certain commercial customers more broadly.

Microsoft isn't alone in wanting to buy power from the market, Robert Kahn, NIPPC executive director, said Thursday.

"Microsoft and industrial and large commercial customers want more control and certainty over their power supply to lower their costs and meet other corporate goals, including purchasing additional renewable energy," Kahn told the PUC in testimony supporting the agreement.

Retail wheeling will allow Washington to keep existing businesses while attracting new ones, according to Kahn. "Competition from nonutility power suppliers will make utilities operate more efficiently and strengthen wholesale power markets, which will drive down power costs for all customers," he said.

Market access will also allow customers to exceed the state renewable requirements, which climbs to 15% by 2020, according to Kahn.

A range of companies are seeking to buy renewable energy through power purchase agreements, project ownership and other sources.

Publicly announced corporate renewable energy deals, not counting on-site generation, fell last year to 1,480 MW from 3,250 MW in 2015, according to the Business Renewables Center, an organization spearheaded by the Rocky Mountain Institute that aims to spur corporate renewable purchases. Deals this year have totaled 550 MW through April 4, according to the BRC. Companies involved in the power deals this year include PayPal, Apple, Anheuser-Busch InBev and DeAcero.

Northwest region renewables could grow by nearly 4,000 MW

A substantial renewable generation capacity increase is expected in the Pacific Northwest region. Renewable energy, excluding hydropower, in the Northwest is expected to grow by nearly 2,000 MW between 2017 and 2023, including 1,677 MW of wind power and 278 MW of solar. If hydro projects are included, as well as 973 MW of solar and wind projects that are in early development or proposed, the renewables increase could rise to nearly 4,000 MW by 2023, according to Platts Analytics' Power Plant Databank.