



**OFFICE OF THE GOVERNOR
NEVADA STATE OFFICE OF ENERGY**

**New Energy Industry Task Force
Memorandum to Members**

March 29, 2012

Task Force and Advisory Committee Members,

I want to thank you for your continued participation and commitment to the goals and activities of the New Energy Industry Task Force. We have met as a full group four times, beginning in December of 2011, and we have accomplished a great deal in that time. In addition to the beneficial presentations that were provided by members of the group as well as other stakeholders, we have developed four subcommittees, each with a focused mission. This memorandum serves as a review of the overall goals and time line of the Task Force and I hope you find value in this summary.

As stated in Governor Sandoval's Executive Order 2011-18, the New Energy Industry Task Force should:

- Facilitate the timely development of transmission and renewable energy resources in this State
- Identify appropriate transmission corridors in this State
- Promote the regionalization of transmission facilities
- Coordinate with utilities, the PUCN and other stakeholders on cost allocation strategies
- Develop the business case to develop our resources with lowest possible risk to ratepayers

The specific tasks to be presented to the Governor on or before August 1, 2012 as stated in the Executive Order include:

- A report demonstrating the business case for the production and transmission of renewable energy for native and regional load requirements
- A report recommending policy or regulatory changes that support the goals of the Task Force
- A report demonstrating the direction of the State as it pertains to long term regional transmission and cost allocation planning in compliance with FERC Order 1000.

The subcommittees were established to facilitate the goals of the Executive Order and are summarized below.

1. Existing Studies Subcommittee - Jim Baak, Chair

This subcommittee has worked to identify and summarize key studies that represent certain attributes and metrics to be used as a base for the business case RFP begin developed in another subcommittee. Existing studies were categorized into several areas of focus:

- Renewable Energy Economic Studies
- Tax Economic Studies
- Integration Studies
- Subsidy Reports
- Rate Payer Impact Reports

The spreadsheet developed includes the study name, sponsor, date, summary, a web link, and key metrics found in the study. The subcommittee is finalizing the list of studies, prioritizing the list to those relevant to the business case and coming to agreement on the metrics identified as relevant to the business case. Work from this committee should be concluded by the full Task Force meeting, scheduled for April 18th, 2012.

2. Scenario Planning, Metrics, Assumptions for Business Case Subcommittee– Ian Rogoff and Jason Geddes, Co-Chairs

This subcommittee merged two subcommittees working on similar and integrated issues. This is the home of the development of the RFP language, the establishment of key metrics and subsequent policy recommendations following the work from the Business Case. Currently, the subcommittee is working with a non-profit, called the Western Grid Group, which offered to provide the technical support of crafting the RFP language for the Task Force. The Western Grid Group, through a request from the Nevada Energy Assistance Corporation, is working with Nevada and California to develop an understanding of mutual benefits of sharing renewable energy and transmission resources, to meet the both state’s policy goals in both the near and long term.

The subcommittee has developed three scenarios that are to help frame the work of the business case. They include:

- A scenario to provide solar energy generation from Southern Nevada to Southern California
- A scenario to provide geothermal energy generation from Northern Nevada to Northern and Southern California
- A scenario with the first two combined

In addition to the three scenarios, an overlay will be developed that establishes opportunities for a reciprocal arrangement of Nevada energy generation and California energy generation, or resource sharing in some capacity. This will get better defined as the business case metrics become more clearly through the process.

The proposed metrics that are being considered are grouped into these categories

- Electricity System Benefits and Costs
- Economic Benefits and Costs
- Environmental Benefits and Costs
- Development time frames

The conceptual schedule for work under this committee is proposed to be as follows:

- Finalize and vote on RFP language – April 6th
- Release of RFP – April 10th
- Responses due – May 1st
- Selection of Business Case team and submit to BOE – May 9th
- Work commence – June 12th
- Preliminary finding and recommendations to Task Force – July 18th
- Final conclusions, findings and recommendations to the Task Force – October 17th

As one can see, this is a very ambitious schedule and therefore, will require quick responses and frequent meetings of this subcommittee.

3. Regional Planning and FERC 1000 – Rebecca Wagner, Chair

This subcommittee is analyzing the state and regional perspectives and implications of FERC Order 1000 and other regional policy, planning and regulations. Upon review of these issues, the subcommittee will develop recommendations to Task Force. Components of the subcommittee work and FERC Order 1000 include:

- Monitoring and reviewing FERC Order 1000 process development and implementation for both the regional plan and interregional plan.
- Evaluating and updating existing maps that include existing/proposed transmission projects and renewable energy zones.
- Comprehension and recommendation of regional transmission corridors
- Reviewing transmission planning processes in other jurisdictions and entities including the California Independent System Operator and the Western Electric Coordinating Council.
- Monitoring the RPS rulemaking process at the California Public Utilities Commission to help determine market fundamentals and timelines.
- Understanding the capacity and limitations of the existing transmission system, including the impacts of the One Nevada Line (ON-Line).

- Monitoring the federal Rapid Response Team for Transmission (RRTT) efforts and its impacts on Nevada in terms of streamlining the process and the effect of the TransWest Express project on the western renewable energy market.

Recommendations and updates from this committee will be ongoing but will be presented at a minimum on July 18th and on September 19th.

4. Analysis of Financial Structure for Transmission Projects – Lawrence Willick, Chair

This subcommittee will review options for financing of transmission projects that are considered to benefit the renewable energy industry supply chain in the state, meet rate payer constraints and that serve to improve the western grid's reliability and flexibility for the exportation of renewable energy generation in Nevada.

Subcommittee intends to hear presentations from a variety of potential financing organizations that could include incumbent utilities, private transmission developers, or transmission investor teams. Recommendations would include positive and negative impacts to each option, costs structure and potential changes to legislation, regulation or other regulatory hurdles. Preliminary recommendations scheduled to be presented between July and September.

As you can see, there is great work being prepared by all subcommittees. I truly appreciate the time and effort of all the participants, including other stakeholders and members of the public. The objective is to provide the Governor with substantiated recommendations that demonstrate an honest look at the renewable energy and transmission industries and the associated benefits or impacts they bring to the State.

We continue to welcome suggestions for presentations and discussions at our upcoming meetings, which are tentatively set for the third Wednesday of the month (through 2012). We are posting agendas, minutes and presentation materials on the website (www.energy.nv.gov) as soon as we can and providing proper notice for public meetings and conference calls.

Please do not hesitate to contact me if you have any questions or comments on the work of the Task Force and its subcommittees. I look forward to continued progress!

Sincerely,



Stacey Crowley
Chair, New Energy Industry Task Force

Task Force Members

Stacey Crowley, Chair
Jim Woodruff
Paul Thomsen
Ellen Allman
Angel Ayala (replacing Carla Pihowich)
Jack McGinley
John Tull
Tom Morley
Matt Frazer
Tom Husted
Ian Rogoff
Lawrence Willick

Technical Advisory Committee Members

Jim Baak
John Candelaria
Kathleen Drakulich
Joni Eastley
Alex Gamboa
Jason Geddes
Dan Jacobsen
Marilyn Kirkpatrick
Amy Lueders
Rebecca Wagner
James Settelmeyer
Connie Westadt

Existing Studies Subcommittee

Jim Baak (Chair)
Paul Thomsen
Jack McGinley
Jim Woodruff (Rachel McMahon)
Alex Gamboa
Ray Bacon, Manufacturers Assoc.
Angel Ayala

Scenario Planning, Metrics, Assumptions for Business Case Subcommittee

Ian Rogoff (Co-Chair)
Jason Geddes (Co-Chair)
Ellen Allman
Jim Baak
John Candelaria
Kathleen Drakulich
Joni Eastley
Alex Gamboa
Dan Jacobsen
Tom Morley
James Settelmeyer
Paul Thomsen

Regional Planning and FERC 1000 Subcommittee

Rebecca Wagner (Chair)
Amy Lueders
Lawrence Willick
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John Tull
Matt Frazer
Jack McGinley
Paul Thomsen
John Candelaria
Jim Baak

Analysis of Financial Structure for Transmission Projects Subcommittee

Lawrence Willick (Chair)
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