

**NEVADA STATE OFFICE OF ENERGY
NEW ENERGY INDUSTRY TASK FORCE
BUSINESS CASE SUBCOMMITTEE**

Resource Sharing Recommendation

March 4, 2013

Recommendation: The Nevada State Office of Energy (NSOE) should request the Public Utilities Commission of Nevada (PUCN) to open an investigatory docket, in consultation with NSOE, to consider the economic effects of resource exchanges and sharing arrangements with neighboring states. In its consideration of economic effects, the Commission should take into account Nevada ratepayers, utility shareholders and the public.

The term “resource exchanges and sharing arrangements” means the sharing of conventional and renewable resources between balancing authority areas for situations where it makes economic sense for both balancing authority areas to do so. This also includes building transmission to facilitate such purposes.

Background: In its 2010 Integrated Resource Plan, NV Energy demonstrated the economic benefits to retail customers in Nevada of conventional resource sharing between Sierra Pacific Power Company and Nevada Power Company’s electric systems. It used this benefit analysis to justify approval of the ON Line Transmission Project. The benefits identified in the analysis included:

- Dispatch optionality
- Uncorrelated variability
- Load diversity –reduction in planning reserve margin requirement
- Shifting peak
- Optimization of Gas Transportation assets
- Optimization of regional market purchases
- System reliability benefits
- Improved ability to accommodate variable energy generation
- Protection against conventional fuel source uncertainty
- Protection against carbon and greenhouse gas uncertainty
- Fuel scheduling

These same resource sharing benefits potentially exist between Nevada and utilities in neighboring states.

Conclusion: The utility ratepayers and shareholders as well as the general public of Nevada could benefit economically from mutually beneficial exchanges with neighboring states. The PUCN should conduct studies to determine the impacts and if such benefits exist.