

**MINUTES**  
**New Energy Industry Task Force**

**March 21, 2012**

The New Energy Industry Task Force held a public meeting on March 21, 2012, beginning at 1:00 p.m. at the following locations:

State Capitol, the Guinn Room, 101 North Carson Street, Carson City, Nevada 89703, and via videoconference at the Grant Sawyer State Office Building, 555 East Washington, Suite 5100, Las Vegas, Nevada 89101.

**1. Call to order and Roll Call.**

Stacey Crowley, Director of the State Office of Energy, Chairwoman, called the meeting to order at 1:00 p.m. and opened this agenda item.

The following Task Force and Technical Advisory Members were present:

<b><u>Task Force Members in Carson City</u></b>	<b><u>Task Force Member in Las Vegas</u></b>	<b><u>Task Force Members Absent and Excused</u></b>
Ellen Allman	Stacey Crowley	Jim Woodruff
John Tull	Ian Rogoff	Tom Husted
Matt Frazer	Jack McGinley	Tom Morley
	Lawrence Willick	
	Paul Thomsen	
	Angel Ayala	

<b><u>Advisory Members in Carson City</u></b>	<b><u>Advisory Members in Las Vegas</u></b>	<b><u>Advisory Members Absent and Excused</u></b>
Alex Gamboa	Jim Baak	Rebecca Wagner
Patrick Gubbins participated on behalf of Ms. Lueders	John Candelaria	Marilyn Kirkpatrick
Jason Geddes		Amy Leuders
Connie Westadt		
Joni Eastley		
Dan Jacobsen		
Senator James Settlemeyer		
Kathleen Drakulich		

Also present was Cassandra Joseph, Deputy Attorney General and Emily Nunez with the NSOE.

Members of the public were asked to sign in.

**2. Welcome and Introductions - Stacey Crowley**

Chairwoman Crowley opened this agenda item and stated that she would leave any comments until the agenda items call for it. This agenda item was then closed.

### **3. Public comments and discussion**

Chairwoman Crowley noted that public comments will be permitted under agenda item 5. There were no public comments. The agenda item was closed. Chairwoman Crowley moved on to agenda item 4.

### **4. Review and approval of the minutes of the February 15, 2012 NEITF meeting.**

Chairwoman Crowley opened this agenda item for review and discussion. Ms. Allman moved that the minutes be approved as submitted. The motion was seconded by Mr. McGinley. The motion was put to a vote and passed unanimously. The agenda item was closed.

### **5. Update, discussion and possible action on subcommittee from subcommittee Chairwoman.**

Chairwoman Crowley opened this agenda item by asking subcommittee Chairpersons for updates, discussion and possible action taken with regard to their subcommittees.

Mr. Baak distributed handouts for review from the Study Support Group. He stated the Study Support Group identified existing studies for the consultant with regard to the development of the scope of work and what can be extrapolated from the existing studies to guide the consultant on the scope of work. The studies outline the following categories: Economic cost benefits of renewable energy development, economic cost benefits of transmission development, cost benefits of integration of renewable variable resources, potential subsidiaries to various energy sectors, potential rate payer impact of renewable portfolio standards, and the review of articles addressing these topics and information on specific projects that have received abatements. The group will develop a listing of all of the current studies with key metrics to guide the scope of work. Mr. Baak referenced spreadsheets of the outlined categories. Mr. Baak is awaiting direction from the subcommittee members as to which study to focus on. He requested a group discussion with regard to identifying key metrics.

There was discussion concerning tax revenues. Mr. Baak will suggest a breakdown of specific subcategories of taxes be included. Ms. Westadt commented with regard to PPA price reporting. Ms. Allman discussed making information available if FERC allows public access to EQRs. Mr. Baak stated California would like to see potential access to markets outside of California for its own power, but those potential benefits need to be identified.

Mr. Baak commented that the studies on the spreadsheets really only concern the renewable energy economic studies. He can make available the spreadsheets of the studies on the NSOE website. A question was raised as to whether another study had been conducted in the country, and as a result someone said to sell to that market or get someone in that market to have the confidence that you can get the power. Mr. Baak stated that Tres Amigas may have conducted a market analysis. He will investigate the matter further. A question was raised as to whether there was any study attempting to do the same as the Task Force, and that is create an energy market for export. Mr. Baak commented that he is unaware of any.

Chairman Crowley asked that the subcommittee prioritize the top studies as soon as possible.

It was noted that metrics may be obtained from American Wind Energy Association (AWEA), Geothermal Energy Association (GEA) and Alta Wind Energy Center in Tehachapi. The spreadsheets will be made available online.

Chairwoman Crowley then moved on to the next subcommittee, which is the Business Case. She stated since the last meeting two subcommittees voted individually as subcommittees to join forces together to form one subcommittee to review the metric scenarios around the business case.

Ian Rogoff and Jason Geddes, Co-chairs, were asked to provide an update.

Mr. Rogoff discussed the development of the following three scenarios: The geothermal case out of the north, a solar case out of the south, and a reciprocal case. He stated the purpose of the scenarios was to examine information to establish the RFP. Mr. Rogoff grouped and described the information to be reviewed as follows: Givens, current regulations in place; a set of assumptions, which includes time frames and the market carrier price; scenarios, which will provide guidance; and metrics, very specific information for validating the objective of this Task Force. He explained the objectives as follows: Is there an opportunity for Nevada to develop an industry, intrastate or export? Where we do not have one thing, does it make sense for the state to get involved in that? Mr. Rogoff explained that the studies conducted today do not directly address the issue this Task Force is attempting to solve, that being whether an industry can be created for export.

Chairwoman Crowley stated services to draft the RFP were donated by the Western Grid Group, who understands the economics and issues of the industry. The Task Force would then through her office release an RFP to go through the proper processes. She explained there are key milestones that need to be met to ensure that the Governor is provided with preliminary recommendations by August 1 as indicated in the Executive Order. Chairwoman Crowley reviewed the dates with the group. She noted that a final report from the respondents of the RFP needs to be completed in October or November of this year with preliminary recommendations to the Governor by August 1. She explained the RFP must be out by the beginning of April, at which time the respondents will have several weeks to submit a response. The group will then review those responses and select a company. NSOE will submit information for the Board of Examiners by May 9 with the intent of presenting to BOE on June 12.

Mr. Rogoff noted that there needs to be concurrence within the Task Force with respect to the givens, the assumptions, the scenarios, and the guidelines for those scenarios to make a legitimate and fair and responsible recommendation to Stacey and the Governor. He hopes to have the first draft of the RFP the first week of April.

Chairwoman Crowley noted that a Task Force meeting before the next scheduled meeting may be necessary for further discussion.

Mr. Geddes added that the information from the two subcommittees will be combined into one format. He stated the policy recommendations are not a part of the RFP.

Chairwoman Crowley then moved on to the Transmission Planning committee. Mr. McGinley on behalf of Ms. Wagner stated the subcommittee met and discussed the key objectives. The members were requested to provide their opinions with regard to the key objectives.

With regard to other key points, Brian Whalen noted that under FERC 1000, the company continues to draft a proforma tariff for the West Connect members. He commented that a major concern of the members is that no unreasonable costs be placed upon rate payers or shareholders of any particular location. Brian noted there seems to be agreement among the West Connect members as to how to proceed, but an actual tariff needs to be drafted first. He stated there is close coordination with those entities and the PUC to assure an understanding of what is occurring.

With regards to the options for NV energy, Brian stated that right now West Connect looks good. He stated there has been discussion with ColumbiaGrid, Northern Tier, and CAISO. He added it is difficult to judge the status of these entities compared to West Connect, because all are going through the same process simultaneously. He noted that a project is either approved through the IRP or is participant funded.

Brian Whalen explained a debate as to whether the planning group should subscribe needs or consider inputs to identify regionally significant projects. There is a good level of agreement that the participation of regional projects should be voluntary, that no one should get forced into something. There is also an agreement that no IRP or ITC projects that are participant funded should not be interfered with by regional project process. He finally noted that the agreement by 16 different TOs on the tariff language will be an effort.

Mr. McGinley reviewed discussed objectives of the committee. Brian noted the request by the Sierra Subregional Planning Group in 2011 and 2012 for an RTI type project and for a NEAC type project is still being drafted, but there should have been a response by now for the 2011 request. He noted a meeting is being held to determine the scope of the 2012 studies and the priority of the projects.

Chairwoman Crowley noted the RRTT is "on the radar". The state and the utility commission have kept abreast of the progress and will continue to follow it. She stated that RRTT is researching projects around the country that are complex in nature and reviewing templates or pilots to streamline the permitting process to reduce the length of time it takes to permit a transmission project. Chairwoman Crowley will participate as much as possible, because she feels it is important to understand how those processes can be streamlined and how they might affect future transmission lines.

There were questions following presentation by the subcommittees.

Chairwoman Crowley had a discussion with regard to the renewable energy zones. She noted that California and Arizona have been performing some "finer grain work" to provide the most

reasonable idea with regard to capacity and further noted that the ellipses and circles that were drawn previously might be worth revisiting again. She asked the subcommittee to review this information.

John Tull stated he was not in attendance at the meeting, but suggested taking a better look at the group's role concerning renewable energy zones.

Chairwoman Crowley moved to the final subcommittee, the Transmission Finance committee. Lawrence Willick noted the subcommittee met and reviewed the objectives. He stated the first priority of the committee was to identify the current financing structures from the different entities that finance transmission. There will be presentations at the next meeting from LS Power and NV Energy, who will discuss how those entities finance transmission. Also, the committee identified a list of other potential entities that may be invited to attend.

Chairwoman Crowley then opened for public comment on agenda item 5 topics.

Dagny Stapleton: I just wanted to take this opportunity to reach out to this committee. We are the Nevada Rural Electric Association, and we represent 13 of the 15 rural utilities in Nevada. As this committee is going forward with their work and the study, we wanted to make sure that we were engaged in the discussion and here as a resource for the committee for any data or information about our members and about what is going on in the world with rural utilities. Thanks so much for the opportunity.

Chairwoman Crowley: Absolutely. When we get to that point in any of the subcommittee work that an association has some good data they can provide us that can be a part of discussions.

Mike Hazard (Las Vegas): My first comment is specifically to Mr. Rogoff. I believe you said that it does not make sense to develop a transmission case when it may or may not be that case when all the research is ended. So I appreciate that comment. And to you, Mr. Baak, I believe you were addressing that to Mr. Baak and maybe to the whole committee. And so I really think that's important. There is a comment in an article from Governor Brown himself who said we want it all to come from California and we want to export. So the issue I see here is that California is a real stakeholder in this market and they plan to produce as much of their own electricity as they can, not only to meet their own 33RPS requirement, but to market to other states as well. And I know you gentlemen talked about a reciprocal agreement, but Mr. Baak, I didn't hear you say that you had talked specifically to California energy producers, maybe even the Governor's Office. If you could maybe comment on that.

Now, I myself called Governor Brown's Office and talked to a staff member. I asked him specifically, "Are you sure that Governor Brown is not interested in Nevada energy?" And he said, "At this point there has been no conversation to that extent."

So then there was a letter that was written on Office of the Governor letterhead by Michael Picker. It is dated August 3, 2011. It talks about this renewable energy. Just briefly he says, we are particularly concerned when we see proposals for large renewal energy resource development outside of California interconnecting across long distances directly into California. And there

are three primary concerns they have: Cost, risk and importance of the dynamic western grid. If for some reason a rate case is developed, I would hope that the rate payer impacts of transmissions you would keep a top priority, especially considering this reciprocal market. There should be concrete evidence of viability prior to the RFP issuance. There should be a cost of benefit analysis to the public. NVE should be a part of the justification for the transmission lines with its own cost benefit analysis as part of that.

Wendy Ellis (Las Vegas): When I heard discussion about assumptions, scenarios, and metrics when the RFP is put together, I think they should consider a scenario where government subsidies are no longer available for these renewable energy projects, because Spain has ceased all government subsidies for their renewables, they couldn't afford it. And you could probably get a lot of the metrics data that seems to be missing. Look to Spain, look at what they experienced. It cost 2.4 regular jobs for every green job. Also, there is an election coming up in November. I question the rush to have everything done by October. All of these priorities could be totally changed with a new president. When you put the RFP out, I think they should consider all the different situations. We may just be creating something out of nothing.

There were no further comments. Chairwoman Crowley closed this agenda item.

#### **6. Presentation on Open Meeting Law - *Cassandra Joseph, Deputy Attorney General.***

Chairwoman Crowley opened this agenda item.

Deputy Attorney General Joseph noted her presentation will hopefully help the subcommittees continue with their work and make sure the Open Meeting Law (OML) is being complied with at that level. She discussed that the purpose of the meeting law is to put the public on notice of the kind of business activities that are being conducted and to provide an opportunity for the public to be heard. Ms. Joseph discussed the guidelines of the law and referred to NRS 241.020, which states that all meetings of public bodies must be open and public, and NRS 241.015, which provides the definition of a meeting. She explained the difference between a meeting and a social function and explained the definition of a public body. Ms. Joseph noted the difference between an action and a deliberation. There was discussion with regard to how the open meeting law applies to emails and telephone discussions. Section 80.59 discusses changes with respect to notice. Ms. Joseph explained the rules with regard to agenda items and denoted changes to public comment as contained in 80.257.

Deputy Attorney General Joseph explained the steps involved in the complaint process. She reminded the group to follow the above guidelines when conducting its public meetings. Members of the group had questions for Deputy Attorney Joseph.

Brian Whalen: On the FERC 1000 component of the Task Force, we have two different other meetings that we discuss business and several members of the Task Force participate in that. How should that be handled and is there any noticing requirement?

Deputy Attorney General Joseph: If you've got a quorum of this public body at another meeting where there's going to be deliberation, you need to notice it for both meetings.

Ellen Allman: If they are present in their capacity as only one, say, West Connect Committee versus the Task Force committee, they don't have to notice both. The Board of County Commissioners is also the Board of Trustees, and they're either one or the other, they don't have to be both at the same time. So again, I don't think you have to notice. My experience with this is if they're only present in their capacity for one of the committees, that they don't have to notice for the other. Is that possible?

Deputy Attorney General Joseph: I think technically speaking if you can say that you're wearing this hat and only this hat in any of those deliberations, I would strongly recommend to notice it for both so that you can freely discuss the issues and there's no question. It's a slightly more conservative take on it, but I would strongly recommend that.

Joni Eastley: Are both organizations public bodies? Because if one is not a public body, why would they need to notice it? Because if they notice it, then members of the public can be there. Are they both public bodies?

Brian Whalen: Well, the PUCN obviously are open meetings or open hearings. West Connect, again those meetings are open to the public, but they have a limited membership. I just want to make sure that we get everything right. Does that make a difference?

Deputy Attorney General Joseph: Well, for the open meeting law to apply, they do have to be public bodies. I would need to explore in more detail those specific entities, and I'm happy to do that. If it's open to the public, it sounds like it's already being agendized.

Brian Whalen: It would be noticed. It just wouldn't be noticed through this group.

Deputy Attorney General Joseph: I think a nuance would be that the PUCN is the deliberative body in its context. This body wouldn't be deliberating and making a decision, only they and they alone would vote.

Chairwoman Crowley then moved on to the next agenda item.

## **7. Technical Presentation on NEAC's Transmission Routing Study - *Tom Parker, Energy Source, LLC.***

Chairwoman Crowley opened this agenda item by introducing Tom Parker of Energy Source and Karen Schlichting from Tri Sage, a consulting group awarded a contract to conduct the transmission routing study.

Mr. Parker noted the entire report was posted on the NSOE website. The group was provided with a handout of Mr. Parker's presentation.

Mr. Parker updated the group by providing highlights of the consulting group's efforts for the year. He first noted that the study was conducted as an independent view of possible

transmission routes out of Nevada for export. Mr. Parker explained the legend on the routing study map. A summary of the costs associated with the lines and substations was then discussed.

Mr. Parker noted that transmission lines were built for one purpose in Nevada, and that is to import energy into Nevada to serve its needs. He referred the group to the study reflecting the lines running through Nevada but providing no real electrical support to Nevada, and commented that the state must import most of its energy. It was noted that the lines can be tapped, but it is very expensive to do so.

It was noted that through efforts and strategies to become less dependent on importing power, there has been a generation built within the state in the last five years, and that now Nevada is not necessarily a net importer but can serve what is required for its customers.

Mr. Parker noted there are few opportunities to cross the Sierras. He pointed out that wildlife, water and drainage constraints must be considered when routing. He referred the group to the routings and substations listed in the study and explained that California has made it clear they are not going to buy coal long term and will utilize the transmission lines to buy market power or balance it with their 33 percent requirement to move power to the LA basin.

Mr. Parker explained that a lot of this has been networked with other entities, including the California Energy Commission. He discussed several transmission projects, such as Valley Electric's proposed 500 line in the California project, and stated the market will determine whether projects such as this will go forward in the future.

Chairperson Crowley commented that there is strength in working together "to inform our neighbors" of the technical and policy-based aspects of the project.

There were questions following the presentation.

Dan Jacobsen (Carson City): Is there any evidence that Utah is trying to quickly develop renewables to run over the DC line to LA?

Mr. Parker: Yes, to some degree they are. They've built some wind projects, but Utah has limited broad-based renewable energy resources. Make no mistake, it's a competitive world. There's a reach through the Utah system into Wyoming. When you start stacking up the cost to move energy from Wyoming through Utah through Nevada to California, Nevada by its proximity should have some competitive advantage.

From LA, they have several thousands of acres of geothermal in the California/Nevada border. I'm not exactly sure. It's probably where you've highlighted this geothermal zone. They were contemplating a 230 line. It seems that your south line was to be built, that there would be some synergies in teaming up with them. Maybe they were looking at 230. You're proposing 500. Maybe there are some options.

Chairperson Crowley commented that it is good news that they started an EAS process. This demonstrates a multi-interest to take part in the project.

Mr. Baak: On the east line through IPP, so the potential is for renewable resources in the area to go through IPP and then back down through Eldorado and into the LADWP. Am I understanding that correctly?

Mr. Parker stated that once online is complete and assuming the west side RTI gets built, and depending on what comes out of NV Energy once one line is complete, they are really an integrated transmission system. There will be some reservation. It does not matter where the resource will be, you can move any direction at a signal system rate. If the system is built out with the RTI west and with the east project, power can be moved where the resource is located outside the local interconnection requirements. Nevada can be thought of as a total resource. The lines will not be thought of as just serving a geographical area at the end of a line. That is the advantage of large reaches of a transmission grid.

Mr. Parker discussed a scenario wherein the east line is built and the other red lines are not built. Wherever the resource is in Nevada, it is going to pay a rate for NV Energy to deliver. Once the lines are to IPP, you are to LADWP. NV Energy owns the transmission capacity from IPP. Transmission assets on PAC42 are listed as transmission assets owned by LADWP. Depending on who built the line, there could be direct access to California.

Mr. Parker noted the nuances of transmission and the changing nature of the market on the east line. IPP coal generation is approximately 1200 megawatts. The DC line was recently upgraded to 2000 megawatts. LADWP anticipates taking more power over the line that was needed to move the coal. There is a debate on the re-rating the line. He referenced a report on the membership of the Intermountain Power Agency. Mr. Parker explained that the buyers have the right to bring in the energy of their choice, referencing the south capacity paths.

Mr. Parker reviewed the deliverability requirements of the PUC, specifically with regard to LADWP.

Mr. Parker explained that the NEAC's transmission project does offer a different reliable path and utilizes an existing corridor to go to a different location within the LA basin.

Mr. Parker and his team were commended for producing one of the best transmission studies ever done in the State of Nevada. Hearing no further questions or comments, Chairperson Crowley closed the agenda item.

**8. Time Permitting - Presentation on current status of FERC Order 100 - Jack McGinley - NV Energy.**

Chairperson Crowley noted agenda item 8 had previously been covered by Mr. McGinley and Brian Whalen under agenda item 5.

**9. Review, discussion and possible action on schedule and goals through August 2012.**

Chairperson Crowley opened this agenda item by noting there will be several tasks that happen right away and some that will go on regular format. She noted a Task Force meeting with a quorum may be called to discuss the components of the Business Case RFP so as to meet the appropriate posting requirements. Subcommittees were asked to provide updates at the next meeting. Chairperson Crowley noted again the goal is to meet the August 1 deadline for information or preliminary recommendations to the Governor. There were no other comments and the agenda item was closed.

**10. Discussion on future agenda items and announcements.**

Chairperson Crowley asked if there were any other requests for future items that the group can present at the next Task Force meeting, which will be April 18. Defining the four different scenarios in the Business Case and developing the RFP were suggested as possible items for discussion. There was discussion regarding studies conducted for solar polar and the specific jobs created. Hearing no other comments, this agenda item was closed.

**11. Set time and date of next meeting.**

Chairperson Crowley reminded the group that the next meeting is Wednesday, April 18, 2012, at 1:00 p.m., based out of the Carson City Guinn Room by videoconference to this facility here in Vegas. She noted meetings will continue on the third Wednesday of the month unless otherwise noted. The agenda item was closed.

**12. Public comments and discussion.**

Chairperson Crowley opened this agenda for public comments. It was noted that neither Carson City nor Las Vegas had any public comments. The agenda item was closed.

**13. Adjournment.**

Chairperson Crowley adjourned the meeting at 3:55 p.m.