

MINUTES
New Energy Industry Task Force

April 18, 2012

The New Energy Industry Task Force held a public meeting on April 18, 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:

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

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

Also present was Emily Nunez with the NSOE.

Members of the public were asked to sign in.

2. Public comments and discussion

Chairwoman Crowley noted that public comments will be permitted on agenda matters which are before the Task Force for consideration or action. She requested that the comments be limited to three minutes. There being no public comments, the agenda item was closed.

3. Review and approval of the minutes of the March 21, 2012 NEITF meeting.

Chairwoman Crowley opened this agenda item for review and discussion. Tom Husted moved that the minutes be approved as submitted. The motion was seconded by Paul Thomsen. The motion was put to a vote and passed unanimously. The agenda item was closed.

4. 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.

Chairwoman Crowley noted that Mr. James Baak is the Chair of the Existing Studies Committee. In his absence, she remarked that the committee has done a lot of work on identifying relevant and pertinent existing studies. She explained that a spreadsheet was developed, which was reviewed at the last meeting. The committee is now finalizing that list and prioritizing the top ten studies for use by the respondent to the RFP. She thanked Jim and his subcommittee for their hard work.

Chairwoman Crowley then moved on to the next subcommittee, which is the Business Case Subcommittee. Ian Rogoff was asked to provide a brief update of the committee's work.

Mr. Rogoff again explained that he and Jason Geddes co-chair a subcommittee to review scenario planning and metric categories by working on similar and integrated issues. He stated a consulting firm was retained to assist with the language in the RFP. The committee is awaiting a response for discussion by a review team. He thanked everyone involved with respect to their hard work on the scenario planning and metrics.

Chairwoman Crowley reviewed the RFP schedule for the group. She noted that questions can be submitted to the office until noon on April 20, 2012. Final answers to questions will be posted on the website by 5:00 p.m. on the same date. Chairwoman Crowley stated the deadline for submissions by any respondent is May 4, 2012, at 2:00 p.m. She explained the proposals will be immediately evaluated. A respondent will be selected by May 8, 2012, so that the paperwork can be submitted to the Board of Examiners for its next meeting on June 12, 2012. Preliminary recommendations will be made to the Governor and progress reports will follow.

Rebecca Wagner provided an update with regard to the Transmission Planning subcommittee. She noted there was discussion on energy objectives and implementation of the same at the last conference call on April 9, 2012. She further noted that a PowerPoint presentation is included on the website. Ms. Wagner stated currently the committee is focusing on compiling a list of all of the transmission projects. Discussion with regard to merging with the Transmission Finance subcommittee will be held at the next meeting scheduled for Monday, April 23, 2012.

Lawrence Willick provided an update with regard to the Transmission Finance subcommittee. He noted that presentations were given from three entities on transmission financing. He discussed two distinct phases of financing. Mr. Willick commented that there's a larger pool of investors, lenders and other equity investors interested in the projects at that stage. Input was received from NV Energy. A third party financial advisor will be providing information with regard to transmission financing. Mr. Willick is awaiting a response from the New Mexico Renewable Energy Transmission Authority with regard to recommendations to facilitate transmission financing.

There were questions following the presentations by the subcommittees after which Chairwoman Crowley closed this agenda item.

5. Presentation by Southern Nevada Water Authority - Gary Wood, Renewable Energy Program Manager

Chairwoman Crowley opened this agenda item.

Gary Wood, Renewable Energy Program Manager, Southern Nevada Water Authority ((SNWA), updated the group with regard to the authority's renewable energy and conservation efforts. He provided a brief history of the SNWA and the Energy Management Department within SNWA. Mr. Wood noted that SNWA is the third largest electric utility in the state owning its own generation assets, the largest being the combined cycle plant co-owned with NV Energy. It also owns small solar installations, small hydro facilities, and receives an allocation of power from the Hoover Parker Davis System. Mr. Wood explained the authority is a little bit unique by hedging its portfolio out five years on a rolling five-year basis, meaning the authority knows what its power costs will be five years from now. He explained the difference between SNWA and Las Vegas Valley Water District (LVVWD). SNWA is primarily a wholesale water distributor while LVVWD is the retail distributor.

Mr. Wood discussed the authority's projects, including the installations of five reservoir sites and the Springs Preserve in 2006. In 2007, the authority in partnership with UNLV installed a hydrogen fueling station at the LVVWD campus. He noted that in conjunction with that a 14 kilowatt PV array was installed to aid and support the power consumption of that particular fueling station. Also in 2007, in-conduit hydro facilities were installed at two pump stations, which are still in operation. Mr. Wood explained that in 2008 solar covered car ports were installed at the River Mountains and Alfred Merritt Smith Treatment Plants.

And in 2010 six units of a concentrated solar were installed in partnership with UNLV and Amonix and a waste oil to energy power purchase agreement was signed with Evergreen Environmental.

With regard to conservation, the authority obtained a \$2.2 million loan from the State's Drinking Water revolving loan fund to install space conditioning equipment and an energy management system at the Alfred Merritt Smith Treatment Plant. Also, Mr. Wood stated that a

comprehensive lighting survey was just completed at the LVVWD campus whereby a lighting retrofit for their administration facilities will be budgeted in the coming year.

Mr. Wood noted the future projects include replacing a pressure reducing valve station (PRV) station with a half megawatt hydro-turbine on the pipeline between Coyote Springs and Moapa. He stated a company will demonstrate a new solar thermal technology, which hopefully will be in place by the end of the year on one of the LVVWD reservoirs.

Mr. Wood stated the authority is exploring various partnering opportunities to develop geothermal resources. The authority is also assessing possible lease buyback scenarios for solar facilities to defer the payment of capital expenditure for six to seven years.

There were questions following Mr. Wood's presentation.

Dan Jacobson: Would you be a candidate to sell renewable energy to California?

Mr. Wood: No, we wouldn't be. We're a nonprofit. We tried to look at that before, and it was not something viable for us to do as a public entity.

Unidentified Speaker: How does the power swap work with the Evergreen Plant?

Mr. Wood: We're not actually interconnected between here and Lincoln County. Lincoln County receives the power and then we do a swap based off of power resources that they were supposed to receive at Mead. So we take delivery at Mead substation for the swap.

Unidentified speaker: In your account of some of the renewable, and you say you have 12 percent in your portfolio, do you know how much of that Hoover is responsible for?

Mr. Wood: The majority of that, probably about ten percent.

Rebecca Wagner: On your solar projects, do you sell portfolio energy credits to any entity?

Mr. Wood: The first project that I mentioned for the LVVWD, was done under a 20-year PPA and those credits are being sold to NV Energy. As far as the other solar projects we have, they are not under contract. The majority of those credits are currently being sold to another entity.

Rebecca Wagner: In follow-up, earlier you said that you're like the third largest utility in the state, and you're not required to meet the portfolio standard yet. Do you remember the history as to why the water authority does not have to comply with the portfolio standard?

Mr. Wood: I think it has to do with statutes. I think it's just investor-owned utilities that are required under the statutes to comply with that.

Tom Husted: What does a nonprofit have to do with not selling excess energy to California? There's no real correlation.

Mr. Wood: That's true. The thing is what is the purpose of doing it in the first place, why do we build a plant to sell the energy to California and not use it for ourselves.

Tom Husted: But if you ever had an excess because of weather or whatever, then you could, if you wanted to, if you had the market capabilities.

Mr. Wood: Well, like I said, we have a power trading desk so we do buy and sell power on a daily basis. We're selling power into other areas, and we're buying from those on a daily basis. I think it really has to do more with perception than anything else.

Chairperson Crowley: Do you have a sense that your loads will increase or decrease in any relative amount over the next five, ten years?

Mr. Wood: That's a good question. Our load was increasing, obviously, as the town was growing. But ultimately when you look at our overall percentage, SNWAs and LVVWD's loads are the predominant loads in our portfolio, whereas the other purveyors are significantly less. I wouldn't think there's going to be other members joining, because there really aren't any others that fit under the statute. And we would have to rely on load growth, and I think the projection is pretty flat over the next few years.

Alex Gamboa: I was curious if you are continuing to look at working with UNLV and including students in some of your projects, adding to education for the next generation?

Mr. Wood: We've had a long-term relationship with UNLV, and any opportunity where we can assist in that effort, we're happy to do it.

Chairperson Crowley: You mentioned that students were working on the CSP Project. Do they do that through a degree program or how is that structured?

Mr. Wood: It's actually the CPV unit. And we had structured that in our agreement with the provider of the equipment, that UNLV would have a part in it.

Dan Jacobsen: Does the current low price of natural gas have any effect on your future plans?

Mr. Wood: Well, the price of natural gas is making our power purchases off the grid substantially lower. Right now we're purchasing power off the grid in between \$20 and \$40 a megawatt hour. It's a hard sale trying to put together projects to justify renewables at those low prices. There's no way we can actually add any renewables currently at their premium to market.

Unidentified speaker: Does SNWA have a target local energy level?

Mr. Wood: We do. We would like to follow the portfolio standard, but we're not required to comply with it. We just had a rate increase last January, and we're trying to avoid having any more of those in the very near future. We have to watch our costs.

Paul Thomsen: You just had a rate increase. Why the rate increase?

Mr. Wood: Well, it has nothing to do particularly with power purchases. It has to do with our capital programs. Our capital cost is our main driver. Hearing no further questions or comments, Chairperson Crowley closed this agenda item.

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

Chairperson Crowley opened this agenda item for further discussion with regard to future presentations, future areas of focus.

There was a suggestion to contact the Department of Defense to request a representative discuss what the military is doing with regard to being more energy independent at its installations throughout the country. It was noted that the new task force announced by the Governor and a new renewable energy sector liaison will be invited to speak at a future meeting. Hearing no other comments, the agenda item was closed.

7. Set time and date of next meeting.

Chairperson Crowley reminded the group that the next meeting is scheduled for Wednesday, May 16, 2012 at 1:00 p.m. in the Guinn Room and videoconferenced to the Grant Sawyer Building in Las Vegas. She noted she will advise the group if that date needs to be changed. The agenda item was closed.

8. Public comments and discussion

Chairperson Crowley opened this agenda for public comments.

The following comments are not verbatim.

Ms. Ellis (Las Vegas): What I'm taking away from this is SNWA --- renewable energy is expensive. It's a nonprofit. Nobody is going to buy it unless you force them to. Solar Trust of America bought the California project, costing taxpayers \$2.1 billion. They build all these transmission lines. The rate payer is paying for everything as do the taxpayers. What happens when these solar companies go bankrupt and with those transmission lines that have been built, who pays for that then? I don't think it's a responsible way to run our state or supply reliable electricity when natural gas is so low. Some of the projects in Nevada are manufacturing solar panels, what happens when they go bankrupt? It seems like we're going backwards into the Stone Age and not looking forward.

The meeting materials seem not to be available to print out prior to meetings. It takes forever to get the minutes from the previous meeting. And you guys have access to all the stuff, members of the public don't. These are supposed to be public meetings. I didn't have time to read anything before I came here, luckily there was a handout on the table. I would appreciate it if rather than rush everything through, give the public a chance to really read and know what's going on.

Chairperson Crowley responded by noting that materials are provided to the public and to the Task Force members at the same time as soon as they are available.

Mike Hazard (Las Vegas): During the discussion earlier under agenda item four, in the segment by Lawrence Willick, the Transmission Finance Committee conversation, at the end of that conversation you had a summary and you were going to request clarification regarding generator financial responsibilities. The two key words you used were clarification regarding incremental costs versus another cost. What is that second cost?

It was clarified the second cost referred to is known as a rolled-in cost.

Mr. Hazard: The further clarification, would that be on the Friday agenda meeting or is next month's agenda meeting?

Chairperson Crowley noted there was no discussion as to when that would be.

Mr. Hazard: For Gary, during your presentation you talked about a prototype renewable generator system.

It was clarified the type of the system operates using the Brayton cycle.

Bob Tretiak (Las Vegas): Tom Husted made a presentation two years at an Energy Infrastructure Interim Committee meeting about what can be one of the best solutions for overcoming the cost barriers for doing energy efficiency, and that is with their Valley Electric Co-op Program for doing financing for solar thermal water heaters. And if you haven't had this presentation on that yet, it would not be a bad idea. We've also gotten some materials from ACEEE that we can make available to the committee.

Mr. Tretiak: For Gary, I recall reading that --- for those of you in the north, from the west end of Las Vegas down to the Lake Mead is about a 1,400-foot gradient. So when we do that return flow of water, it goes down 1,400 feet. And I had heard about a renewable project a few years ago of using turbines within those pipes to generate electricity. And I was wondering if that has made any progress. And secondly, about the sale of portfolio credits, I recall the solar parking structure at the Henderson Reclamation Project, they were selling those portfolio credits under a 10-or-20-year power purchase agreement for about eight and a half cents per portfolio credit. What are the terms and conditions of the other sale of portfolio credits, and who is the other buyer of credits? You mentioned there's another buyer besides NV Energy.

Mr. Wood: That was probably under the SCOP Project, but the plan was to take the water out of the wash, the return flow water coming out of the wash, treat it and then run it back into Lake Mead through a hydro turbine. That project ceased. I don't know what happened to the funding. They wrapped it up and decided not to pursue it at this point. I can tell you the water line we're looking at doing up through eastern Nevada up north, we're looking at two energy recovery stations on that. We're anticipating the load from that line to be about 70 megawatts.

The second question had to do with portfolio credits. I was with the power company on the other side of the table, LVVWD on the negotiations of that project. Those credits were purchased actually by an agreement between Sun Power and NV Energy or Nevada Power at the time. LVVWD assigned the credits to Sun Power and Sun Power sold them. As for our current portfolio credits, we have an agreement in place with Barrick Goldstrike for our nonsolar credits that we sell to them. We tried to take advantage of NV Energy's standard offer for solar credits. We actually bid into their program last year and we haven't received a response from them yet. We're selling those credits now as they accrue on an annual basis, and we're selling those to Barrick at this point in time also.

Hearing no other public comments or questions, the agenda item was closed.

12. Adjournment

Chairperson Crowley adjourned the meeting at 2:06 p.m.