

MINUTES
New Energy Industry Task Force (NEITF)
Subcommittee on Business Case
(Development of Key Metrics, Draft RFP and Manage Business Case)
July 17, 2012
8:00 a.m.

The meeting was held via conference call

- 1. Call to order and Roll Call.** Jason Geddes, Co-Chairman opened the meeting at 8:00 a.m. and opened this agenda item

<u>Member Names</u>	<u>Present</u>	<u>Absent</u>
Stacey Crowley	X	
Ellen Allman	X	
Tom Morley		X
Ian Rogoff, Co-Chair	X	
John Candelaria	X	
Alex Gamboa	X	
Dan Jacobsen	X	
Paul Thomsen	X	
Jason Geddes, Co-Chair	X	
Joni Eastley	X	
Kathleen Drakulich	X	
James Settelmeyer		X
Jim Baak	X	
Brenda Gilbert	X	
Jack McGinley	X	
Brian Whalen	X	

- 2. Public comments and discussion**

Members of the public in attendance: Tyler Comings (Synapse), Bob Fagan (Synapse), Nehal Divekar (Synapse), Wendy Ellis and Lindsey Knox. Hearing no comments, this agenda item was closed.

- 3. Discussion and Possible Action Regarding Synapse Outline.**

Co-Chairman Geddes reminded the group there was previous discussion through Section III of the Synapse Outline and opened up discussion of Section IV, Energy Exchange and Cooperation Rate Impact Analysis – Short Term Scenarios.

Dan Jacobsen - Section (b) of the basic construct behind the proposed analysis of short-term scenarios, sounds like that is the Nevada ratepayer bearing the bulk of

the risk and cost recovery. He noted the Bureau of Consumer Protection is concerned about the focus being on an investor-owned utility using in rate base.

Tyler Comings - we are throwing ideas in the outline that we will probably change ourselves, but two options we are considering is having private developers to finance and recovering costs by selling to California or the possibility that California utilities would fund these projects. He noted that scenarios one and three in rate base would be \$2 to \$5 a megawatt hour and scenarios two, five and six, \$12 and \$20 a megawatt hour. Can we make a business case that it would be worth it if someone would build in Nevada and fund these transmission projects to export to California?

The idea of economic impact was also addressed by Mr. Comings – building geothermal, solar and wind and modeling the economic impact from the transmission projects themselves, which would occur irrespective of who is funding them.

Dan Jacobsen – do you have the ability to model what the impact is on economic well-being of the state?

Tyler Comings – absolutely. We plan on doing that, yes.

Dan Jacobsen – are you making an assumption about Nevada buying some renewable energy from California and that going into the rates for Nevada customers?

Tyler Comings – right now we are not seeing that as a possibility.

Dan Jacobsen – if renewable energy flows from California to Nevada, what does that do to rates in Nevada? We are concerned it might be very costly.

Stacey Crowley – it needs to make business sense for the utilities purchasing the power on either side.

Kathleen Drakulich – I'm curious, the current regulatory paradigm, the way a lot of us understand it, it has to be used and useful at some point, and prior to being used and useful for Nevada customers it has to be needed and clear the integrated resource planning statutory hurdle. Do you see the need for legislative change or do you see this as something that can be done to the Public Utility Commission?

Jack McGinley – it is going to require legislation. The Commission would have to be able to approve projects for export.

Dan Jacobsen – quoted another concept that appears in the outline in Section V, which states, this is projected to have benefits for Nevada ratepayers in terms of more efficient dispatch of resources, whether more transmission lines in Nevada

would somehow be of benefit to Nevadans. He asked if Synapse is intending to somehow envision that more transmission lines would help get energy to California and be of benefit to Nevada ratepayers.

Jack McGinley – the RTI initiative is dead at this point in time.

Paul Thomsen – you are going down a political path now. From a developer perspective, if there was additional transmission to move power, it would assist in being able to develop more projects. It is not a business case.

Nehal Divekar – we are not doing any dispatch modeling as part of this project. We are taking the scenarios as they are presented in the RFP.

Discussion of Section V, Energy Exchange and Cooperation Rate Impact Analysis – Long Term Scenarios:

Dan Jacobsen –there is wording about the benefit to a ratepayer is a more efficient dispatch and also wording that the benefits of improving intrastate transmission in Nevada that will not be quantified as part of this analysis.

Nehal Divekar – I would look at this as sort of a modeling document based on previous and current discussions, and I will certainly make sure to clarify any language and present something more precise.

Dan Jacobsen – we would be very concerned if the study results came out with a statement about there being a benefit to Nevada ratepayers but there not be any modeling. That could result in problems down the road.

Tyler Comings – we are not going to take unfounded conclusions on anything, and your concern is a good one and it is duly noted.

Dan Jacobsen – V(b), description of studies, general benefits of cooperation, my understanding is the modeling will not assume that cooperation means Nevada is going to buy a significant amount of renewables from California.

Tyler Comings – we are not taking that off the table completely, but we have not seen any evidence of a mutually beneficial cooperation between California and Nevada.

Discussion of Section VI Economic Modeling:

Dan Jacobsen – I am curious which models Synapse might be using, Nevada Energy's Pro Mod or others to assess the impact on rates.

Tyler Comings – no, we do not have the budget for that sort of model in this project, and we are going to rely on our own modeling for rate impacts which we do routinely.

Jack McGinley – there are regional models done for the WECC, but any specific study between us and California, we haven't done any.

Dan Jacobsen – someone did confirm that in addition to assessing rate impacts, modeling would also look at the impact on Nevada's economy on having higher electricity rates, that if a developer finances it and it is not done in Nevada Energy's rate base, then we would not have the same concerns.

Tyler Comings – it depends on who finances the project. Our best guess is that it would be private developers.

Nehal Divekar – we are researching right now whether we can quantify benefits like that.

Tyler Comings – if we did come to the conclusion that NV Energy would fund this, we would be prepared to estimate those rate impacts.

Ellen Allman – you should not be presupposing an outcome?

Co-Chairman Geddes – are you looking at just the construction operation or are you looking at supply chain and environmental permitting when you do the economic impact from construction?

Tyler Comings - you are going to have a stimulus to the state during the construction period and then a pretty small long-term job impact from the operations of these generators.

Jack McGinley – to clarify, we have a subcommittee on transmission, which looked at various ways of funding the lines, and none of them assume that the developer would do it assume all risk. Is the business model here that it will not be dumped on the ratepayers of NV Energy?

Stacey Crowley – all options are on the table right now, so both committees are looking at the impacts.

Ellen Allman - if a legislation change is required, we will get legislation changed.

Discussion of Section VII Results and Metrics:

Dan Jacobsen - I would like to understand what Section VII (a) (ii) means. What is the intent of having a metric that addresses reliability of the system?

Tyler Comings – the outline is more comprehensive and incorporates the RFP; we will not jump to conclusions without doing the proper modeling.

Dan Jacobsen – we are just not seeing a need for more transmission for instate, Nevada service. Regarding Section IV, this would be done using Synapse’s own models.

Discussion of Section VIII Conclusions and Recommendations

Dan Jacobsen – for Synapse, do you envision that your report would stop short of suggesting policy changes or do you envision policy changes that Nevada should consider?

Tyler Comings – the focus of the study is measuring the benefits and modeling the scenarios and make broad recommendations.

Co-Chairman Geddes – I do not think it should be. I think it is this subcommittee’s responsibility to take your results and see what policies would be necessary.

Nehal Divekar – this report is a platform to start policy discussions.

Co-Chairman Geddes – after we review the report, we will start having discussions with regard to policy changes. Hearing no further questions/comments, this agenda item was closed.

4. **Discussion of Possible Action Regarding Goals and Recommendations**

Co-Chairman Geddes delayed discussion on this until information is received, after which this agenda item was closed.

5. **Discussion of Future Agenda Items and Announcements**

Hearing no future agenda items or announcements, this item was closed.

6. **Set Time and Date of Next Meeting**

Stacey Crowley suggested sending an email with regard to the next meeting date and time. Tyler Comings noted preliminary recommendations may be sent to the committee in August 2012. The agenda item was closed.

7. **Public Comment (Discussion)**

Wendy Ellis – Section V, the statement about benefits for Nevada, including access to low cost renewables, is kind of an oxymoron, because all these renewables cost way more than our conventional. So there is no such thing as low cost renewables. Also, there is a lot in the outline about policy purposes included in Section I (a) (iv), overall societal

benefits of more efficient electric system, least-cost compliance with 33 percent RPS. If it was something worth investing in, I do not think we would be here now. If I can get the breakdown of the actual cost for power, I would appreciate that.

Hearing no further public comments, this agenda item was closed.

8. Adjournment

The meeting was adjourned at 9:04 a.m.