



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

**MEMORANDUM**

DATE: August 2, 2012  
TO: Heidi Gansert, Chief of Staff and Cory Hunt, Policy Analyst  
FROM: Stacey Crowley, Director  
SUBJ: New Energy Industry Task Force

This memorandum summarizes the work to date of the New Energy Industry Task Force, as set by Executive Order 2011-18 and further, by NRS 701.500.

The Task Force has met at least once a month since December 2011. In addition several subcommittees were formed and they have met via conference call many times in between the Task Force meetings. All Task Force and Subcommittee meetings complied with Open Meeting Law requirements. The subcommittees are:

- A. **Survey and Summarize Existing Studies** - Work included summarizing relevant, recently completed key studies that address all or portions of the business case issues associated with the development and impacts of the renewable energy generation and transmission industry. This committee completed its work in March and provided the summary to the Task Force and to the selected contractor for the Business Case.
- B. **Scenario Planning, Metrics, and Assumptions for Business Case** - Work includes the development of key scenarios and key metrics that would impact the business case assumptions. From RFP development to working with the selected contractor, this subcommittee will have guidance over the structure of the report and the management of the deliverables. This subcommittee will also be home of the policy recommendations following the business case.
- C. **Regional Planning and Financing** - This subcommittee is focused on the current regional planning efforts regarding transmission that can help educate our Task Force on potential impacts and recommendations on our states transmission planning and projects. Work also includes the development of 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.

**Presentations:** Throughout the Task Force meetings, members were presented with information on relevant aspects of the clean energy and transmission issues facing our state and the west. Presentations included: Presentations from NV Energy on the Renewable Transmission Initiative, FERC Order 1000 and transmission capacity. Presentations also included the NEAC Transmission Routing Study, California' s current RPS, utility procurement manager from PG&E, renewable energy developers, BLM current projects, SNWA' s clean energy initiatives, Department of Defense, and an update on the Sage Grouse Advisory Committee.

**Business Case:** The Business Case Subcommittee, through additional assistance from the Western Grid Group, developed a robust RFP for the Business Case and received one qualified response from Synapse Energy Economics from Massachusetts. This company set out on their work following BOE approval on June 5, 2012. They have been gathering information, participating in subcommittee calls and meeting with stakeholders. They have prepared a draft outline that was reviewed by the subcommittee and are now developing a draft report. That draft report will be reviewed by the subcommittee prior to the September 19<sup>th</sup> Task Force meeting, where it will be publicly discussed and voted on to either reject, modify or approve to move forward to the final report phase. The Subcommittee will also be preparing recommendations to the full Task Force (and ultimately Governor Sandoval) based on the initial findings in the report.

**Transmission Planning:** Transmission planning efforts include the review of existing renewable energy zones, existing transmission capacities, planned transmission routes, environmental issues including Sage Grouse planning, western wide planning issues such as the Energy Imbalance Market, the integration of variable resources and FERC Order 1000. The plan for this effort is to provide a series of recommendations to the Governor by late fall.

**Transmission Financing/Assistance:** The transmission financing efforts include presentations from several " types" of transmission developers, including NV Energy, Valley Electric, LS Power and Duetche Bank. Additionally, the subcommittee is developing a list of possible funding mechanisms and a list describing potential benefits and impacts to each funding mechanism option.

**Policy Discussions:** Policy discussions at the Task Force and Subcommittee meetings have remained general in nature as we have gathered information and heard presentations on the various topics. The Task Force plans to provide the Governor with a summary of the findings and recommendations to determine what role the State should play in the development of our renewable energy industry. If, through the work of the subcommittees and the Business Case report, the impact of the renewable energy industry has significant benefits to all Nevadans, (job growth, tax base, induced benefits, etc) then the Task Force would recommend the type of state support and at what level. What are the ways of supporting the industry? Are the current incentives adequate or too much? Are there policy changes that need to be made? Items that have had general discussion include:

- A. The state' s current RPS policy and its components
- B. Policy on transmission planning and approval
- C. Value of renewable energy in an energy portfolio for long term reliability

- D. Current state and federal incentives to promote new renewable energy
- E. The state' s responsibility to promote native generation and economic development
- F. Partnerships with regional and federal agencies to provide leadership, guidance and consistency in the siting and permitting of renewable energy and transmission projects.

In summary, the Task Force has had very constructive and engaging conversations about the state' s role in the development of the renewable energy industry. We have focused on the directives in the Executive Order which were to study regional transmission and cost allocation strategies as well as to develop the business case for Nevada' s renewable energy in the western market.

There is no easy answer and the issues are complex and far-reaching, but as the Chair of the Task Force, I believe we have gathered the right people and information to provide an informed and reasonable set of recommendations that the Governor can utilize in his policy considerations for the good of the citizens of Nevada.

Sincerely,



Stacey Crowley  
Chair, New Energy Industry Task Force