

MINUTES
New Energy Industry Task Force (NEITF)
Subcommittee on Business Case
(Development of Key Metrics, Draft RFP and Manage Business Case)
December 17, 2012
9:00 a.m.

The New Energy Industry Task Force Subcommittee on Business Case held a public meeting on December 17, 2012, beginning at 9:00 a.m. by conference call.

1. Call to order and Roll Call. Jason Geddes, Co-Chairman, opened the meeting at 9:00 a.m. and opened this agenda item.

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

Also in attendance were Chris MacKenzie, Sue Stephens, Bob Cooper, and Jim Endres.

2. Public comments and discussion.

Co-Chair Geddes opened this agenda item and noted that public comments will be permitted on agenda matters which are before the Subcommittee for consideration or action. He asked that comments be limited to three minutes. Hearing no public comments or discussion, this agenda item was closed.

3. Review and Approval of Minutes from September 19, 2012 Business Case Subcommittee meeting

Co-Chair Geddes opened this agenda item. Ellen Allman moved that the minutes be approved as submitted. The motion was seconded by John Candelaria. The motion was put to a vote and passed unanimously. The agenda item was closed.

4. Discussion and possible action regarding policy topics.

Co-Chair Geddes opened this agenda item and suggested that the policy topics be discussed in the following order:

1) Recommend that all providers of electric and gas service in Nevada report goals, programs and status updates annually to NSOE.

There was general agreement that this recommendation should be made. However, there was some discussion about the need to develop the details concerning how this would be implemented and whether the individual goals should track with the state's investor-owned utilities' goals, and the need to work on the details.

2) Allow geothermal projects to be considered on equal footing for renewable energy tax abatements.

The consensus was that this recommendation was acceptable.

3) Renewable Energy, Energy Efficiency and Sustainability Education

Funding for the task was questioned. Co-Chair Geddes clarified that the task would be recommended without funding and the members agreed.

4) Request that NV Energy make a presentation to the full task force regarding NV Energy's Large and Small Standby Riders (LSR and SSR) which are the utility tariffs that are used to calculate the charge levied by NV Energy for customers with on-site generation, and determine if modifications to the tariffs are needed.

Dan Jacobsen recommended that the tariff not be changed. Jack McGinley agreed and said that a change would just result in a reallocation of fixed costs and that the rate design related to these tariffs are approved by the PUC. Jim Baak agreed that it was a rate design issue and may not be appropriate for this list. The consensus of the members was that the issue should be deleted from the list, but that the two previous presentations on this topic should be forwarded to the full task force, along with the comment that this is a PUC rate case issue.

5) Consider a different approach to Net Metering compliance that is not affected by retail sales.

Jack McGinley commented that it was possible to address and fix the subsidy issues related to net metering. Jim Baak commented that benefits and costs should be part of the recommendation. This topic was also identified as an issue that should be addressed in the context of rate design, similar to the LSR and SSR Riders. It was decided that this topic would be re-written to address the comments of the group. There was a comment that SMUD (Sacramento Municipal Utility District) had a similar program. Dan Jacobsen said that the costs, rate impacts and subsidies for this issue were unclear, and therefore, he was unable to assess whether this was a good recommendation or not. Jack McGinley asked for more information

about how SMUD's "Solar Shares" program worked. Jim Baak responded that "Solar Shares" customers in rentals or multi-unit buildings pay a fixed fee on their bill; in return they get a hedge against future rate increases and they get a credit on their utility bill. He also offered to get more information for the group about the costs of such a program and more details of how the program would work. He noted that there were other programs besides SMUD's. There was disagreement about whether the retail customers in the program were avoiding transmission costs. Jack McGinley recommended that the group should know more details about the concept before recommending it. Jack McGinley also said that the same thing might be accomplished through a green power tariff; however, John Candelaria disagreed.

Co-Chair Geddes summarized that the last two items result in no legislative recommendations; however, the recommendation of the Subcommittee would be that a letter should be sent to the PUC recommending that they open an investigatory docket on "virtual net metering" and determine what the rate impacts might be.

Co-Chair Geddes said that he would draft a request to the PUC and circulate that draft to the group for comment.

6) Solar 2.4 Multiplier. Clarify in NRS 704.7822 that the multiplier is for net metered systems only.

Dan Jacobsen recommended against removal of the multiplier because it may result in an adverse rate impact on customers. Ellen Allman and Jim Baak stated that they were both in favor of removal of the solar multiplier; however, Jim Baak clarified that he supported the change only moving forward. Jack McGinley explained that there were large projects that would not have been built but for the multiplier, and that "grandfathering" of these projects should be considered. Stacey Crowley commented that the multiplier was originally intended for net metered projects vs. utility scale projects, and that there should be consideration and discussion about the topic. Senator Settelmeyer said that there should also be a discussion about possible inconsistencies if there is a change.

Co-Chair Geddes summarized that the consensus of the group was that the multiplier should be removed or phased out. Dan Jacobsen asked that the record reflect the fact that the Bureau of Consumer Protection was not supportive of this recommendation.

7) Transmission – Consider modifying NRS 704.746 so that transmission capacity alternatives to facilitate resource sharing to reduce the cost of operations and accommodate higher penetration levels of renewable energy are considered in the resource planning process.

Brian Whalen stated that NV Energy's position was that different language should be used for this recommendation and he offered to send the proposed new language to the group. He stated that the main difference in the new language was to eliminate the perpetual obligation to re-do the resource plan. The new language would require a cost benefit analysis be reviewed along with the IRP process. Brian Whalen was also critical of the Energy Imbalance Market (EIM) efforts in several forums and he therefore did not recommend inclusion of EIM in these

recommendations. John Candelaria clarified the fact that, in his opinion, the existing language for this recommendation could be improved upon and welcomed any proposed new language that would provide clarification. Dan Jacobsen noted BCP's objection to this recommendation and asked that a report from the "Little Hoover Commission" be made available for review by the Subcommittee members. Jim Baak said that renewable resource goals were not the only consideration related to this recommendation, but also reducing fossil fuel generating resources, coal plant retirements, and similar objectives; whereas some reports, such as the E-3 Report were only looking at ratepayer impacts. John Candelaria pointed out that there were export and import obstacles in Nevada that this recommendation was intended to give the Commission more options.

Chair Geddes said that the new language proposed by Brian Whalen would be distributed to the subcommittee for their review along with an updated version of the Policy Document. Brian Whalen and John Candelaria agreed to work together on the new proposed language and then send it out to the group for consideration. Chair Geddes clarified that the new language would be incorporated into a new draft of the policy recommendations which he would distribute for review by the full task force.

5. Discussion and possible action on items from subcommittee working groups.

John Candelaria said that no additional progress had been made on the Technical Working Group beyond what was last reported, and that a draft report was being prepared.

6. Discussion of future agenda items and announcements.

Co-Chair Geddes asked for discussion of this agenda item. Stacey Crowley asked whether the Subcommittee members preferred to work further on their discussion topics, or whether those items would be left for consideration by the full task force. Co-Chair Geddes recommended that the group meet based direction from the task force or direction from Stacey Crowley, as Chair of the NEITF.

7. Set time and date of next meeting

The next meeting date and time will be determined based on the above discussion.

8. Public Comment and Discussion.

Co-Chair Geddes opened this agenda item and noted that public comments will be permitted on agenda matters which are before the Subcommittee for consideration or action. He asked that comments be limited to three minutes. Hearing no public comments or discussion, this agenda item was closed.

9. Adjournment.

The meeting was adjourned at 10:21 a.m.