

MINUTES
New Energy Industry Task Force (NEITF)
December 19, 2012
1:00 p.m.

The New Energy Industry Task Force held a public meeting on December 19, 2012, beginning at 1:00 p.m. at the following locations:

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

- 1. Call to order and Roll Call.** Stacey Crowley, Chairman, opened the meeting at 1:05 p.m. and opened this agenda item.

Task Force Members in Carson City	Task Force Members in Las Vegas (via videoconference)	Task Force Members Absent
Stacey Crowley Ellen Allman John Tull Jack McGinley Tom Husted (via teleconference) Paul Thomsen (via teleconference)	none	Matt Frazier Tom Morley Jim Woodruff Ian Rogoff Lawrence Willick

Advisory Members in Carson City	Advisory Members in Las Vegas (via videoconference)	Advisory Members Absent
Alex Gamboa Rebecca Wagner (via teleconference) Jim Baak (via teleconference) Jason Geddes Dan Jacobsen Senator James Settelmeyer Vic Lozano (for Amy Lueders) Joni Eastley (via teleconference)	John Candelaria	Marilyn Kirkpatrick Kathleen Drakulich

Also present were Stu Bresler, Lindsay Knox, Chris MacKenzie, Karen Davis, Sue Stephens, Dagny Stapleton, Cathy Erskine, Craig Mortimore, Jayne Harkins, John Yvon and Wendy Ellis.

- 2. Public Comment and Discussion**

Chair Crowley opened this agenda item. Hearing no public comments or discussion, this agenda item was closed.

3. Review and Approval of the Minutes from November 19, 2012 Task Force Meeting.

Joni Eastley 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. Presentation on RTOs and ISOs.

Stu Bresler, Vice President of Market Operations for PJM made a presentation on the basic concepts behind Independent System Operators and Regional Transmission Organizations. He explained the basics about how PJM operated their grid, how and why PJM was formed, and the benefits that the members gain from participating in PJM's markets. Mr. Bresler stated that the benefits were substantial and were more fully described in a document available on PJM's website (The Value Proposition). Chair Crowley said that this document would be posted on the Task Force website.

5. Update, Discussion and Possible Action on Subcommittees from Subcommittee Chairpersons.

Chair Crowley asked Jason Geddes to review the policy recommendations as indicated on the Policy Document that was distributed to the Task Force and Advisory Members. Mr. Geddes stated that Recommendation 1, regarding transmission, would be discussed last.

Amendments to Statutes

Recommendation 2: Jason Geddes discussed the recommendation to amend NRS 701.190 for all utilities in the state, including public power utilities such as municipals and cooperatives, to establish and report on renewable resource goals, with annual updates to NSOE. Chair Crowley commented that this recommendation would require input from those providers as part of the process to implement this recommendation. Chair Crowley also commented that this recommendation may be accomplished without legislative change because the Office of Energy already has the authority to request this information.

Recommendation 3: Jason Geddes discussed the proposed amendment to NRS 704.7822 to either clarify or remove the "Solar 2.4 Multiplier" which applies to net metered systems only.

Recommendation 4: Jason Geddes discussed the proposed amendment to NRS 701A.340 to allow geothermal projects to be on equal footing with other projects for the purpose of qualifying for renewable tax abatements.

Requests to Public Utilities Commission

Jason Geddes proposed that the recommendations in this section take the form of a draft letter to the PUC which would be reviewed by the Policy Subcommittee before it was finalized. Commissioner Wagner suggested that these recommendations be presented to the PUC in the

form of a letter to the Executive Director, Crystal Jackson, and that the letter include a concise explanation of each request including the reasons and background related to each request and what specific action or outcome is requested.

Recommendation Regarding Education

Jason Geddes discussed this recommendation that would require renewable energy, energy efficiency and sustainability topics to be included in the Nevada school curriculum. There was some discussion of how this activity would be funded and the need to coordinate implementation of the recommendation with the Governor's Office of Economic Development.

Additional Amendment to Statute - Recommendation 1: Jason Geddes reported that the Policy Subcommittee discussed transmission capacity alternatives and modifying NRS 704.726 based on language submitted by committee members and that two alternatives were developed (Options A and B).

Option A: John Candelaria discussed the reasoning behind Option A and the fact that cooperation between utilities in the areas of energy imbalance markets (EIM) and resource sharing can save money for retail customers. He further explained that Option A would result in a recommendation to the PUC requiring utilities to consider transmission expansion to accommodate higher levels of renewable resources in the resource planning process, along with EIM and resource sharing. Dan Jacobsen explained that the Bureau of Consumer Protection's (BCP) opposition to this option was based on the possible risk to Nevada ratepayers. John Tull asked whether a profit sharing mechanism (between utilities and ratepayers) would alleviate Mr. Jacobsen's concerns. Mr. Jacobsen said that under that scenario the ratepayers would still be the safety net for cost recovery unless the utility created a separate affiliate and did not put the cost into rate base. Mr. Candelaria clarified that the recommendation would not be an order for the utility to implement something, but rather a requirement for the utility to study and report on the described options and whether they would make sense for the utility's customers. Commissioner Wagner expressed her concern that the approach described by Mr. Candelaria may not be productive and suggested that the recommendation be re-phrased to be more direct in asking the Commission to evaluate these items. Jim Baak suggested that the request be made "outside the IRP process." Brian Whalen said that NV Energy objected to a mandatory requirement to regularly analyze EIM benefits. He stated that his previous research indicated that the EIM does not justify any benefits for the state. However, he said that NV Energy is still exploring whether there are possible benefits to EIM in three different forums. Regarding building transmission for economic development, he stated that NV Energy could do that if requested by the PUC. Dan Jacobsen stated his recollection that the Commission had reviewed this before and that the BCP continues to object to any alternative where the ratepayer has to be the safety net. Mr. Geddes said that the Committee wanted the analysis of the recommendations to be deliberative and not a simple iterative process where a box is checked. Commissioner Wagner agreed with Mr. Geddes and suggested that the recommendation needed to be more direct (such as direction from the legislature to open a docket, explore alternatives X, Y and Z, etc.)

and not part of the IRP process. Mr. Candelaria offered to research previous similar PUC processes that were used in the past to address these types of issues and said that he would suggest revised new language that could be considered for this recommendation. Mr. Geddes suggested that the revised recommendation language be reviewed by the Policy Subcommittee prior to the next meeting of the full task force. Mr. Baak suggested a mechanism be created to review these types of recommendations. Mr. Tull suggested that the Policy Subcommittee pursue this discussion further.

Ellen Allman suggested that the Task Force vote on the other items presented today and leave Recommendation No. 1 for consideration at the next meeting.

Action:

Motion 1:

John Tull moved to recommend the amendments to NRS 701.190, 704.7822, 701A.340 and parts 3 through 4 as stated in the Policy Recommendations document. The Motion was seconded by Ellen Allman. The motion was put to a vote. The Task Force voted unanimously to approve the motion; the Advisory Members voted to approve the motion with the exception of the following:

- 1) Dan Jacobsen voted against the motion;
- 2) Commissioner Wagner abstained; and
- 3) John Candelaria abstained.

Task Force Member Jack McGinley voted yes; however, he wanted it noted for the record that his support for Recommendation No. 3 on page 2, regarding the Solar 2.4 Multiplier, was based on the understanding that solar distributed generation was limited to the \$255 million budget for the combined NV Energy system.

Motion 2:

Ellen Allman moved to send a letter to the Public Utilities Commission of Nevada requesting that they open a docket to review the issues labeled 1, 2 and 3 as stated in the Policy Recommendations document. The motion was seconded by John Tull. The motion was put to a vote and passed unanimously by the Task Force and the Advisory Members.

Motion 3:

Paul Thomsen moved to recommend the Education-related actions as stated in the Policy Recommendations document. The motion was seconded by Ellen Allman. The motion was put to a vote and passed unanimously by the Task Force and the Advisory Members.

6. Review, Discussion and Possible Action on Upcoming Meeting Topics.

Chair Crowley opened this agenda item and noted that the Policy Subcommittee would meet before January 16 to discuss revised language for Recommendation No. 1 so that the full Task Force could consider it at the January 16 NEITF meeting. She also mentioned that the Transmission Subcommittee will meet to discuss siting and financing issues before the January 16 meeting. Chair Crowley noted that Byron Woertz, Western Electricity

Coordinating Council will make a presentation on transmission planning at the January 16 meeting.

7. Set Time and Date of Next Meeting

The next meeting was scheduled for Wednesday, January 16, 2012, starting at 1:00 p.m.

8. Public Comments and Discussion

Chair Crowley opened this agenda item and asked for public comments. Wendy Ellis commented on her previous participation and the purpose of the task force, including determining whether recommended actions would be in the best interest of the ratepayers. She also commented that, in her opinion, energy topics should be an extra-curricular activity and not added to the regular student curriculum. The agenda item was closed.

9. Adjournment

The meeting was adjourned at 3:10 p.m.