

**New Energy Industry Task Force (NEITF)
Subcommittee on Transmission Planning**

June 1, 2012
10:30 A.M.

The meeting was held via telephone conference call.

1. Call to Order and Roll Call. *Rebecca Wagner, Co-Chair*

Ms. Wagner opened the meeting at 10:32 a.m. and conducted a roll call.

<u>Member Names</u>	<u>Present</u>	<u>Absent</u>
<i>Jim Baak</i>		<i>x</i>
<i>John Candelaria</i>	<i>x</i>	
<i>Stacey Crowley</i>		<i>x</i>
<i>Matt Frazer</i>		<i>x</i>
<i>Tom Husted</i>	<i>x</i>	
<i>Marilyn Kirkpatrick</i>		<i>x</i>
<i>Amy Lueders (Vic Lozano)</i>	<i>x</i>	
<i>Jack McGinley</i>	<i>x</i>	
<i>Paul Thomsen</i>		<i>x</i>
<i>John Tull</i>	<i>x</i>	
<i>Connie Westadt</i>	<i>x</i>	
<i>Brian Whalen</i>	<i>x</i>	
<i>Lawrence Willick</i>	<i>x</i>	

2. Public comments and discussion.

There was no public comment.

3. Approval of minutes of the April 23, 2012 subcommittee meeting.

Ms. Wagner noted that Ms. Crowley's name was misspelled. The minutes were approved with the correction.

4. Discussion and possible action on state renewable energy zones and planning.

Ms. Wagner reviewed the history of the Renewable Energy Zones (zones). Assembly Bill 387 of the 2009 Legislature directed the Public Utilities Commission (PUC) to designate zones to facilitate the development of transmission to the zones for purposes of NV Energy complying with the Renewable Portfolio Standard (RPS). The PUC designated the zones based on the work of Gov. Gibbons Renewable Energy Transmission Access Advisory Committee (RETAAC). Ms. Wagner suggested that because there is new wildlife and sage grouse data available that it is time to revisit the zones. She recommended the creation of a small working group to include John Tull and possibly someone from the Bureau of Land Management (BLM) to assist in the effort. The working group will provide information to the Subcommittee who may recommend to

the Task Force that the PUC open a docket to review and/or modify the existing zones. Mr. Tull agreed to help.

In response to a request for feedback, Brian Whalen asked if the intent was to just update the existing zones for sage grouse or to revisit the entire process. Ms. Wagner responded that the intent was not necessarily to revisit the entire process. She noted that this is not limited to sage grouse as there may be other issues that need to be addressed based on new information. The plan is to review the information that informed the designation and compare it to information that is available now to determine what has changed and if it effects the zones.

Mr. Whalen noted that the Western Renewable Energy Zone (WREZ) process, the National Renewable Energy Lab (NREL) process and the Solar Programmatic Environmental Impact Statement (PEIS) process have all changed considerably since the original RETAAC work.

Mr. Whalen asked if the expectation was that the Task Force recommendation would be handled by the PUC or the Task Force. Ms. Wagner responded that it is unknown at this time how much could be accomplished through the working group and Task Force.

John Candelaria volunteered to help with the working group. He also noted that there may be some other work that might affect the zones. He suggested reviewing the criteria used to designate the zones originally.

The Subcommittee voted unanimously to create a working group to review the designated renewable energy zones and provide information back to the Subcommittee.

5. Discussion and possible action on transmission financing options.

Lawrence Willick reviewed the May 25 Draft Memorandum on Options for Financing and Policy Recommendations to Facilitate Renewable Energy Transmission (attached). Under Development Assistance Option #2 (Backstop), Mr. Candelaria asked for an example. Mr. Willick explained that he believed that there was proposed legislation in Nevada that would allow the utility to ratebase project costs if it was not constructed. Ms. Wagner asked Mr. Willick for clarification regarding the difference between taxpayer funded and ratepayer funded. Mr. Willick explained that it depends on the situation. If it is an entity like the Wyoming Infrastructure Authority (WIA), then it would be taxpayer funded. If it is a utility, then it would be ratepayer funded.

Under Development Assistance Option #5 (Request for Information (“RFI”)), Mr. Willick explained how the New York Energy Highway RFI was created to identify projects and activities the state could take to help developers. An example in Nevada would be the further consideration of the Nevada Energy Assistance Corporation (NEAC) corridors. Mr. Candelaria asked if this option was to issue an RFI to have an engineering firm or an entity that does transmission planning to look at options. Mr. Willick further explained the process used in New York where in Governor created a Task Force to address all of the projects proposed in the state and find a mechanism to fairly evaluate each project as well as seek input on how the state could help developers.

Mr. Whalen asked Ms. Wagner about the State of Nevada’s appetite for taking on taxpayer and ratepayer risk. Ms. Wagner declined to answer the question, but stated that the intent of the Subcommittee is to review and evaluate options and determine the level of interest in each.

Mr. Candelaria asked what the purpose of the Draft Memorandum was. Ms. Wagner responded that the goal is to have a summary of each of the presentations and examples of each of the options. It will be used to stimulate discussion of each option with consideration of the advantages and disadvantages. Ultimately, it could be used to inform the Task Force, the Governor and other policy makers. Mr. Candelaria suggested that the options need to be explained more fully so that the average person could understand them.

Mr. Whalen asked Mr. Willick to differentiate between development assistance and construction. Mr. Willick stated that development ends when construction commences. Mr. Whalen suggested that a bandwidth of cost be created around each option as there could be a significant difference in investment. Mr. Willick noted that it is also a function of the State's appetite investment. He explained that the WIA has agreements to fund 50 percent of the project development costs. If the project is not constructed, then WIA has the rights to the permitting/corridors for the benefit of future projects. WIA gets reimbursed for its investment upon commencement of construction.

Ms. Wagner asked Mr. Willick about his thoughts on next steps. He responded that there would need to be further discussion and consideration of the options.

Under the discussion of Funding for Construction, Mr. Whalen noted that there is a difference between financing projects that have customers versus projects that are created to stimulate economic development. He suggested that this difference should be highlighted in the Memorandum. Mr. Willick agreed to incorporate the concept.

No further discussion or action was taken.

6. Discussion and possible action on transmission-related policy topics.

Ms. Wagner explained the intent of this agenda item is to consider or revisit past legislation or legislative proposals as well as new topic.

Tom Husted suggested that a policy consideration should be to have a legislative or state mandated requirement that all utility owners and operators in the state consider joining or move towards a Regional Transmission Organization (RTO). He believes that Nevada needs to move toward greater regionalization to address the limited market ability within the state. He noted that if the state wants to advance renewable energy and transmission infrastructure an RTO should be considered. Ms. Wagner stated that everything should be on the table for discussion. Jack McGinley commented that it is a good idea to evaluate options and opportunities but it should not be embraced immediately with the assumption that it is good for Nevada. He noted that the value could be different for each of the entities.

Ms. Wagner asked and Mr. McGinley agreed to provide a presentation to the Subcommittee on Assembly Bill 416 (2011) in order to explain the actual intent.

Mr. Husted suggested that someone from an Independent System Operator (ISO) give a presentation to the Subcommittee from the perspective and experience of an operator.

Mr. Candelaria asked for clarification on what policy issues could be discussed. Ms. Wagner responded that everything should be on the table for consideration. Mr. Candelaria suggested that the Subcommittee consider an Energy Imbalance Market (EIM). Ms. Wagner offered to contact the Western Interstate Energy Board to make a presentation to the Subcommittee. Mr. Candelaria also suggested that based on existing studies that NV Energy provide its views on

participation in an EIM. Mr. McGinley stated that there may be different definitions of an EIM and that it should be clearly defined to ensure that everyone has the same understanding. He further stated that typically an EIM increases reliability, but NV Energy already has high reliability. He cautioned that states like California and Colorado are interested in NV Energy's fleet in order to offset intermittent resources and while this may be good for those states, it may not be good for Nevada.

The Subcommittee voted unanimously voted to have presentations on AB 416, the creation of an RTO and on the concept of an EIM.

7. Discussion and possible action on state transmission corridors.

Ms. Wagner posed the question of whether Nevada should establish state-designated corridors to facilitate the wise development of transmission. Mr. Whalen asked about how this would work with the significant amount of land that is managed by the Department of Interior (DOI). Ms. Wagner responded that it would need to be a joint effort with DOI.

Mr. Tull commented that it is generally a good concept to identify corridors that meet certain criteria and that open up areas for renewable energy power production. He noted that the NEAC report lacks the newest data on sage grouse. He also suggested that this process should be coordinated with the refinement of the renewable energy zones.

Mr. Candelaria noted that NV Energy has conducted many transmission routing studies. He asked the following questions: What is the end result? Will it be a recognized corridor? How will it be protected? Should the state be involved in facilitating transmission to renewable energy zones by creating corridors?

Mr. Whalen stated that the concept is a good idea but questioned who would be allowed in the corridor and who would have rights to the corridor.

Ms. Wagner responded that the state should not be involved in picking which transmission projects get constructed. Rather, the state could facilitate the process by engaging a variety of stakeholders including the federal government and local government.

Mr. Whalen noted that the transmission projects that would feed into the corridor should be acknowledged.

Victor Lozano stated that the BLM has had similar discussions regarding how to create a more efficient transmission management plan. BLM Nevada is moving forward with addressing this issue and it is not necessarily through a corridor process. The goal is to manage transmission lines in a certain area in a holistic manner.

8. New Business, future agenda items and announcements.

Ms. Wagner recapped that future agenda items will include presentations and discussions on AB 416, RTOs, EIM and transmission corridors.

9. Set time and date of next meeting.

No meeting time was set.

10. Public Comment

Brenda Gilbert of BEC Environmental stated that EPA's Repowering America's Land initiative is looking at redevelopment of brownfield sites and the Task Force should consider these areas in conjunction with transmission corridors and renewable energy zones.

Wendy Ellis expressed her concern over the transmission options that burden taxpayers and ratepayers. She suggested that Synapse (consultant) has a conflict of interest because it also does work with California. She also noted that Synapse's proposal stated that ratepayers would pay for transmission. Ms. Ellis suggested that no action be taken until after the federal elections in the fall as the make-up of the administration may change.

11. Adjournment.

The meeting was adjourned by Chair Wagner at 11:26.