



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

**NEW ENERGY INDUSTRY TASK FORCE
SUBCOMMITTEE on TRANSMISSION**

Draft Memorandum

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Options for Policy Recommendations to Facilitate Renewable Transmission Financing

Development Assistance	Advantages	Disadvantages
State-Owned Transmission Company (STC)	<ul style="list-style-type: none"> High level of state control 	<ul style="list-style-type: none"> State bonding capacity or financing ability may be hindered by economic climate Expenses incurred by state unless and until self-funding Growth in state government workforce
Independent Transmission Company (ITC)	<ul style="list-style-type: none"> No state capital or rate payer risk 	<ul style="list-style-type: none"> High initial risk to developers Limited interest without anchor assets High rate of return could lead to increased cost to consumers
Hybrid Options		
<ul style="list-style-type: none"> Cofund development with utilities/developers (like WYIA) 	<ul style="list-style-type: none"> Provides tangible benefits for developers. Advances project development 	<ul style="list-style-type: none"> Puts taxpayer dollars at risk Requires selecting winners/losers
<ul style="list-style-type: none"> Backstop development costs in the event a project does not proceed 	<ul style="list-style-type: none"> Encourages investment to advance projects 	<ul style="list-style-type: none"> Puts taxpayer dollars at risk Requires selecting projects
<ul style="list-style-type: none"> Marketing assistance through coordinated procurement 	<ul style="list-style-type: none"> Minimal outlay of state resources 	
<ul style="list-style-type: none"> Co-own projects to reduce project risks – eminent domain (NM RETA) 	<ul style="list-style-type: none"> Relatively small outlay of state resources 	<ul style="list-style-type: none"> Could put state in difficult situation politically
<ul style="list-style-type: none"> RFI to Identify Highest Benefit:Cost Option (New York Energy Highway) 	<ul style="list-style-type: none"> Small outlay of state resources 	<ul style="list-style-type: none"> Uncertain outcomes

Funding for Construction	Advantages	Disadvantages
Independent Transmission Company (ITC)	<ul style="list-style-type: none"> No state capital or rate payer risk 	<ul style="list-style-type: none"> High initial risk to developers Limited interest without anchor assets High rate of return could lead to highest cost to consumers
State-Owned Transmission Company (STC)	<ul style="list-style-type: none"> Reduced total cost by using tax-advantaged debt High level of state control 	<ul style="list-style-type: none"> State bonding capacity or financing ability may be hindered by economic climate Expenses incurred by state until self-funding Growth in state government workforce
<ul style="list-style-type: none"> Bonding / state guarantee (WYIA, others) 	<ul style="list-style-type: none"> Tangible benefits to developers of reduced risk and borrowing costs 	<ul style="list-style-type: none"> Puts taxpayer dollars at risk
<ul style="list-style-type: none"> Approve recovery of all or portion of project revenue requirement (utility in an IRP, independent through a transmission contract) 	<ul style="list-style-type: none"> Encourages investment to advance projects 	<ul style="list-style-type: none"> Puts taxpayer / ratepayer dollars at risk
<ul style="list-style-type: none"> Co-own projects to reduce project costs – property taxes (like NMRETA) 	<ul style="list-style-type: none"> Provides tangible benefits in cost reductions to contribute to project competitiveness 	<ul style="list-style-type: none"> Reduces benefits of transmission investment to the state