



**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
Private Sector Development – Jurisdictional Utility / Independent Transmission Company (ITC) Without State Assistance	<ul style="list-style-type: none"><li>No state capital or rate payer risk</li></ul>	<ul style="list-style-type: none"><li>High initial risk to developers</li><li>Limited interest without anchor assets</li><li>High rate of return could lead to increased cost to consumers</li></ul>
State-Owned Transmission Company (STC)	<ul style="list-style-type: none"><li>High level of state control</li></ul>	<ul style="list-style-type: none"><li>State bonding capacity or financing ability may be hindered by economic climate</li><li>Expenses incurred by state unless and until self-funding</li><li>Growth in state government workforce</li></ul>
Hybrid Options		
<ul style="list-style-type: none"><li>State co-fund development with Private Sector (like WYIA)</li></ul>	<ul style="list-style-type: none"><li>Provides tangible benefits for developers (risk reduction)</li><li>Advances project development</li></ul>	<ul style="list-style-type: none"><li>Puts taxpayer dollars at risk</li><li>Requires selecting projects</li></ul>
<ul style="list-style-type: none"><li>State co-own (but limited co-funding) projects to reduce project risks – eminent domain (NM RETA)</li></ul>	<ul style="list-style-type: none"><li>Relatively small outlay of state resources</li></ul>	<ul style="list-style-type: none"><li>Could put state in difficult situation politically</li></ul>
<ul style="list-style-type: none"><li>State backstop private development costs in the event a project does not proceed (So state does not fund costs, but would repay abandonment costs. For a utility this would be by approving a project in the utility IRP, for an ITC by other means)</li></ul>	<ul style="list-style-type: none"><li>Encourages investment to advance projects</li></ul>	<ul style="list-style-type: none"><li>Puts taxpayer/ratepayer dollars at risk</li><li>Requires selecting projects</li></ul>

<ul style="list-style-type: none"> <li>Marketing assistance – advocating for Nevada renewables in regional planning, in other venues, advocating for coordinated procurement</li> </ul>	<ul style="list-style-type: none"> <li>Minimal outlay of state resources</li> </ul>	
<ul style="list-style-type: none"> <li>RFI to Identify Highest Benefit:Cost Option (New York Energy Highway)</li> </ul>	<ul style="list-style-type: none"> <li>Small outlay of state resources</li> </ul>	<ul style="list-style-type: none"> <li>Uncertain outcomes</li> </ul>

Funding for Construction	Advantages	Disadvantages
Private Sector – Utility or Independent Transmission Company (ITC)	<ul style="list-style-type: none"> <li>No state capital or rate payer risk</li> </ul>	<ul style="list-style-type: none"> <li>High initial risk to developers</li> <li>Limited interest without anchor assets</li> <li>High rate of return could lead to highest cost to consumers</li> </ul>
State-Owned Transmission Company (STC)	<ul style="list-style-type: none"> <li>Reduced total cost by using tax-advantaged debt</li> <li>High level of state control</li> </ul>	<ul style="list-style-type: none"> <li>State bonding capacity or financing ability may be hindered by economic climate</li> <li>Expenses incurred by state until self-funding</li> <li>Growth in state government workforce</li> </ul>
<ul style="list-style-type: none"> <li>Western Area Power Administration and other Federal Power Marketing Administration Transmission Infrastructure Program Funding</li> </ul>	<ul style="list-style-type: none"> <li>Low interest costs reduces costs to ratepayers</li> <li>Low interest costs makes a project more competitive</li> </ul>	<ul style="list-style-type: none"> <li>Outside of state control</li> </ul>
<ul style="list-style-type: none"> <li>Trunkline Approach (“If you build it, they will come”. Approve recovery of transmission revenue requirement for renewable delivery transmission prior to subscriptions.)</li> </ul>	<ul style="list-style-type: none"> <li>Provides tangible benefits to project sponsors (cost recovery)</li> </ul>	<ul style="list-style-type: none"> <li>Puts taxpayer/ratepayer dollars at risk</li> </ul>
<ul style="list-style-type: none"> <li>Bonding / state guarantee (WYIA, others)</li> </ul>	<ul style="list-style-type: none"> <li>Tangible benefits to developers of reduced risk and borrowing costs</li> </ul>	<ul style="list-style-type: none"> <li>Puts taxpayer dollars at risk</li> </ul>
<ul style="list-style-type: none"> <li>Approve recovery of all or portion of project revenue requirement (utility in an IRP, independent through a transmission contract)</li> </ul>	<ul style="list-style-type: none"> <li>Encourages investment to advance projects</li> </ul>	<ul style="list-style-type: none"> <li>Puts taxpayer / ratepayer dollars at risk</li> </ul>
<ul style="list-style-type: none"> <li>Co-own projects to reduce project costs – property taxes (like NMRETA)</li> </ul>	<ul style="list-style-type: none"> <li>Provides tangible benefits in cost reductions to contribute to project competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Reduces benefits of transmission investment to the state</li> </ul>