

Nevada State Office of Energy
 New Energy Industry Task Force
 Subcommittee on Scenario Planning Assumptions

Purpose: Work to include the development of key scenarios that would impact the business case assumptions. Items such as changes to existing RPS, net metering, plant retirement, carbon tax, environmental regs, dynamic scheduling, regional partnerships, generation mix, new transmission capacity, load forecasts, electric vehicle integration, tax credits, demand response programs and more could be considered to have significant impacts to the industry. This subcommittee will also be home of the policy recommendations following the business case.

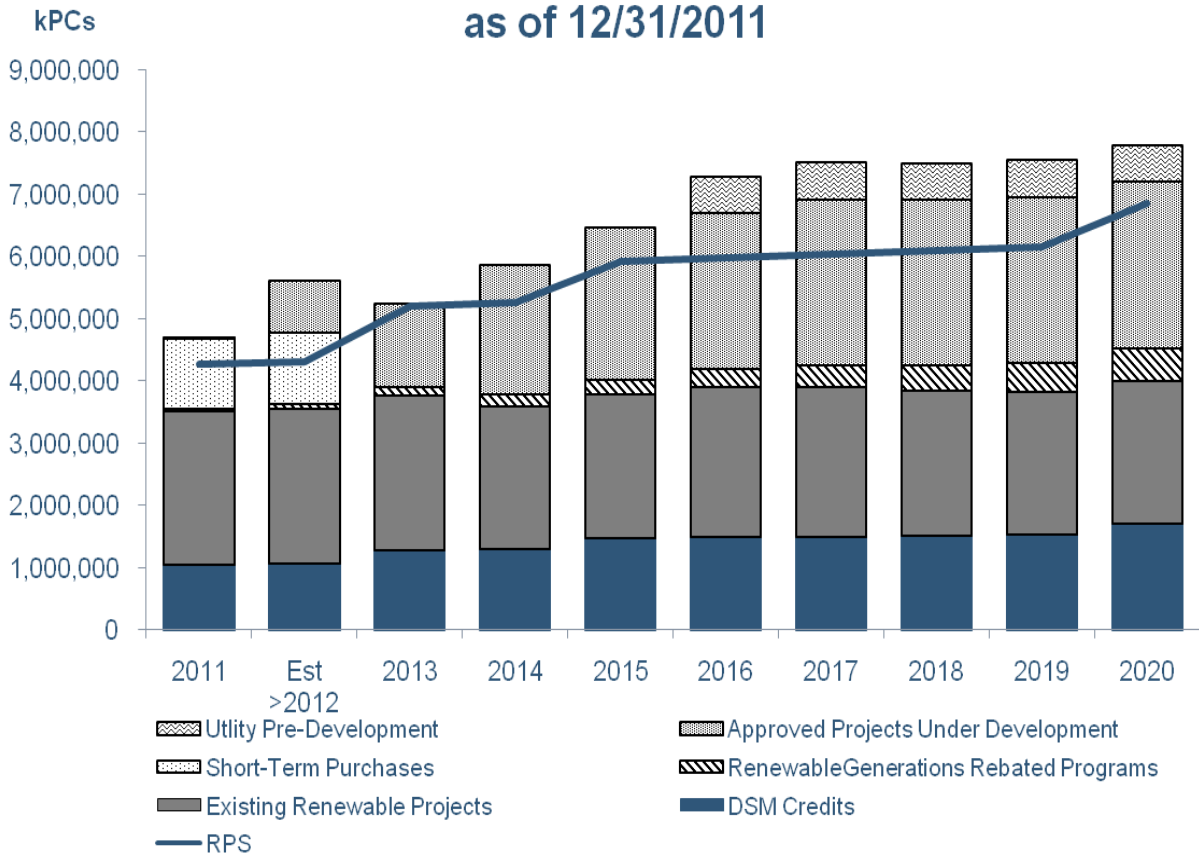
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Nevada Energy Statistics

2011 Sources of Energy for NV Energy

	Nevada Power	Nevada Power	Sierra Pacific	Sierra Pacific
Source	Megawatt hours	% of Total	Megawatt hours	% of Total
Coal	9,544,246	22.91%	5,193,205	34.13%
Natural gas	28,089,399	67.42%	6,943,690	45.63%
Oil	4,517	0.01%	4,295	0.03%
Hydroelectric	1,801,117	4.32%	1,018,478	6.69%
Geothermal	1,582,675	3.80%	1,584,967	10.42%
Soalr	186,545	0.45%	3,039	0.02%
Nuclear	351,893	0.84%	340,733	2.24%
Wind	65,724	0.16%	63,764	0.42%
Biofuel	24,210	0.06%	52,233	0.34%
Biomass	9,916	0.02%	9,739	0.06%
Other	2,786	0.01%	2,795	0.02%
Total	41,663,028	100.00%	15,216,938	100.00%
Renewables	3,670,187	8.81%	2,732,220	17.96%

Projected NVE RPS Compliance Outlook as of 12/31/2011



Renewable Energy Portfolio Status

RPS Goal is 25% by 2025

Solar carve out:

5% through 2015

6% starting in 2016

25% of RPS can come from energy efficiency & conservation

As of December 2011, 46 projects totaling approximately 1,250 MW

- 520 MW geothermal; 320 in-service, 200 MW under construction or development
- 335 MW solar; 86 in-service, 249 MW under construction or development
- 44 MW other; 30 in-service, 14 MW under construction or development
- 350 MW wind; 0 in-service, 350 MW under construction or development

In addition, another 31 MW through the RenewableGenerations program

Scenario Planning Policy Implications

1. Renewable Portfolio Standard (RPS), NRS 704.7821
 - a. Energy Efficiency authorized to meet 25% of the RPS, NRS 704.7821(2)(b).
 - i. Modify NRS 704.7821(2)(b) to eliminate the 25% Energy Efficiency provision in its entirety and propose a phase in for compliance, e.g., 5% of the 25% must be met with installed renewable energy facilities by 2015, an additional 5% of the 25% by 2016 (adding 5% each year through 2019 until the full 25% is met with installed capacity);
 - ii. Modify NRS 704.7821(2)(b) to eliminate a portion of the Energy Efficiency provision, e.g., 15%.
 - b. Require the other providers of electric service in Nevada comply with the RPS (e.g., municipal entities, electric cooperatives, power districts).
 - i. Identify these entities and determine the kilowatt hours used annually to determine the amount of installed kilowatts required for these entities to meet the RPS;
 - ii. Propose a phase-in for these entities similar to the phase-in used investor owed utilities and departing customers (704B); e.g., 3% by 2016; 5% by 2018, etc.
2. Solar 2.4 Multiplier, NRS 704.7822, eliminate from the statute. This provision was originally designed to address the fact that solar PV was near or in excess of \$0.20 per kilowatt hour in 2003, and as a result there was little or no desire to purchase from this technology. This is no longer the case. PV has become significantly more competitive.
3. NV Energy Large and Small Standby Riders (LSR and SSR): These are the utility tariffs that are used to calculate the charge levied by NV Energy when a customer builds on site power, offsets some of the current power that NV Energy supplies but remains a bundled customer of the utility.
 - a. Request that NV Energy make a presentation to the New Energy Industry Task force for both traditional bundled customers and time of use customers and demonstrate which customers are eligible, how the calculation is done and what the cost is to customers.
 - b. Determine if modifications to the LSR and SSR tariffs are needed.
4. Investigate the ability of NV Energy customers to purchase renewable energy from utility scale renewable projects on the utility side of the meter and remain a bundled customer of the utility.
 - a. Determine if this is feasible;
 - b. To address feasibility, require certain limitations, e.g., that the purchase by customer be greater than 5 megawatts; that there be a cap on the total number of megawatts that NV Energy customers can purchase, etc.
5. Renewable Energy, Energy Efficiency and Sustainability Education: Investigate the possibility of requiring versus encouraging renewable energy, energy efficiency and sustainability education in Nevada school curriculum.
 - a. Undertake discussion re the benefits, authorization and incentives for the primary and secondary schools for doing so, the scope of and sources available for the renewable energy programs.
6. Consider a different approach to Renewable portfolio Standard Compliance that is not affected by retail sales such as MegaWatt-hours target.