



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

November 7, 2017

Technical Working Group on Generation, Transmission & Delivery:
Securing Industry Development

The Committee on Energy Choice held a public meeting on November 7, 2017, beginning at 8:30 A.M. at the following location:

Legislative Counsel Bureau
401 South Carson Street, Room 2135
Carson City, NV 89701

The meeting was also available via videoconference at:
Grant Sawyer State Office Building
555 East Washington, Room 4412
Las Vegas, NV 89101

1. Call to Order and Roll Call: The meeting was called to order at 8:30AM by Chairman David Luttrell. The agenda item was opened up for roll call and a quorum was confirmed for the committee.

The following Members were present:

Members Present

David Luttrell – Las Vegas
James Oscarson – Las Vegas
Jeremy Newman – Las Vegas
Angela Dykema – Carson City

2. Public Comment and Discussion:

Chair Luttrell opened up Agenda Item No. 2 and asked if anyone from the public sought to make a comment on the matter in both Carson City and Las Vegas locations. No public comment was provided.

Chair Luttrell closed agenda item No. 2 and moved to Item No. 3 on the agenda.

3. Approval of Minutes from the August 17, 2017 meeting.

Chair Luttrell opened up Agenda Item No. 3 and noted that a grammatical correction is required on the third page, second paragraph. The word grand should be revised to grant.

Chair Luttrell made a motion to approve the minutes with the correction. Ms. Dykema seconded the motion. The committee approved the minutes as corrected.

Chair Luttrell closed agenda item No. 3 and moved to Item No. 4 on the agenda.

4. Presentation: NV Energy

A presentation was made by Marc Reyes, Director of Resource Planning & Analysis and Shahzad Lateef, VP Transmission for NV Energy. Mr. Reyes provided a brief overview of NV Energy and presented the following primary topics:

- Resource planning and analysis in Nevada including integrated resource and energy supply plans; planning reserve margin and production cost modeling;
- Electric system operations including reliability standards, must-run conditions and interchange.

Discussion

Chair Luttrell asked if there were any questions from the committee.

Mr. Oscarson asked where does NV Energy get its solar energy from.

Mr. Lateef stated most of the solar energy comes from southern Nevada. A significant amount of solar is exported to California.

Mr. Oscarson asked if they could provide a percentage figure of the amount of solar that comes out of and is consumed by Nevada customers.

Mr. Lateef will provide this information to the committee.

Chair Luttrell asked to verify that the IRP is where the goals and objectives of the state of Nevada that might be put forth by the legislature in regard to various energy supply and transmission development considerations are considered and brought to bear. Is that true?

Mr. Reyes stated that it is true. NV Energy implements a number of state policies through its IRP process, specifically the renewable portfolio standards, energy efficiency standards and helps our customers achieve their goals.

Chair Luttrell stated under an energy choice implementation scenario, clearly the content of an IRP would change. He asked, from your perspective, how can goals be met in the absence of an integrated resource plan?

Mr. Reyes stated there would be a void in NV Energy sponsoring an Integrated Resource Plan (IRP). In other states the state agencies are tasked with developing load forecasts and planning to satisfy the policy objectives for each of those states. California provides a good example of an IRP process.

Chair Luttrell asked if the state of Nevada were to join with another organized market that might exist that it might be able to reach to, you would see then, within the state of Nevada, an agency that would be charged with that responsibility of developing those criteria and forwarding those to the wholesale market operator as it moves toward market-capacity bidding?

Mr. Reyes affirmed this and added that a Regional Transmission Organization (RTO) would not provide planning for the utility or the state but could impose standards for reliability margins and would leave that up to the policy makers of the state on how to best satisfy those requirements.

Chair Luttrell asked what functions would no longer be performed by the investor owned utility if the Energy Choice program is initiated in a few years?

Mr. Reyes replied the utilities would continue to forecast the planning of the transmission and distribution systems. The investments in these systems would still need to be evaluated relating to the growth and demand from our customers. The demand and supply side planning likely would not exist in a restructured environment. The transmission and distributed resource planning would exist in some form, particularly how to integrate distributed resources onto the grid. The planning reserve margin would not exist at the utility level. It could take on many forms through a state agency or an RTO. The example cited was a California ISO and Valley Electric adhering to a reserve margin of 15%. Energy supply planning functions would cease to exist as it relates to procuring energy and delivering it to NV Energy customers.

Chair Luttrell asked in relation to reserves, you indicated 12% for southern Nevada and 15% for northern Nevada based upon the capability of the two systems, with the online project, is that being reconsidered? Will we see the percent for the northern Nevada system being changed?

Mr. Reyes responded we are evaluating the planning reserve margin as part of a 2018 joint IRP. The modeling evaluation has begun, along with all of the modeling, in preparation for the June 1 filing.

Chair Luttrell asked what is the retirement schedule for the North Valmy Generation Station and other generation asset units?

Mr. Lateef indicated that he did not have the data readily available. He committed to compiling the data and providing it to the committee.

Chair Luttrell asked what is the impact of energy choice on the transmission operations of NV Energy, specifically balancing authority, transmission and interchange operations in a wholesale market and potentially joining an RTO?

Mr. Lateef stated it will depend on the structure of the market. He cited an example of the California ISO where the balancing authority is performed by the clearinghouse. The RTO mitigates transmission system overload, congestion management. We are still managing the wire side of the business relating to outage management through submission to and approval from the RTO before you proceed. The switching and clearance is still done at the energy level. The interchange operations, tagging of the energy flowing from one place to another, may be done by a central entity.

Chair Luttrell asked what is the status of NV Energy's projects of the must run generation planning process and integrating them into the next filing?

Mr. Reyes replied we are in the development stage of the IRP process for the June 1 filing. The transmission elements that we are specifically investigating are the must run requirements for the North Valmy Generation facility and transmission solutions to address those conditions are part of our ongoing analysis. Other candidates for the IRP would be investigating the Carson City load pocket with potential solutions at the Fort Churchill Generating Station. This analysis is preliminary in nature. The goal is reduce our environmental impact on the state and the need for running high heat rate steam boilers and potential solutions.

Chair Luttrell asked if both of them would need new transmission?

Mr. Reyes replied not necessarily. The topic of non-wire alternatives is one that NV Energy is engaged in, particularly the use of energy storage resources as we have seen the dramatic reduction in price of battery cells. We continue to investigate those types of solutions to mitigate must run requirements and improve reliability for our customers.

Chair Luttrell asked specifically relating to the Carson City voltage management issue, does it relate to the N-1 condition in the transmission planning scenario? Is that correct?

Mr. Lateef-correction. Transmission operations, not transmissions planning. He confirmed that it is all at N-1 conditions.

Chair Luttrell asked In an N-1 condition, how would battery storage give you the reliability that you need for an extended outage?

Mr. Lateef cited Carson and an example. It is not solely a battery type situation, it would be a battery in combination potentially with a solar photovoltaic-type solution. If you look at the peak day pocket in Carson City, a typically high heat day, full sun, we would use a photovoltaic-type solution to generate internally whether it is grid connected rooftop or energy efficiency that can reduce the load in that pocket. The contingency exists due to multiple transmission lines that exist that go into Carson City. Under a load that exceeds a certain value, if we lose one of those transmission lines, it will end up overloading the other transmission lines. If we have a local situation where we are not relying on that transmission, which is a non-wire solution, battery storage does not have to provide energy for the entire night solution. We have the ability to mitigate a pv combined with a battery storage solution. That is why it is called a non-wire solution because it is not just the battery storage in and of itself has enough capacity. Once you

can rely on those solutions to be available, you can run your models and contingency analysis and say I have these resources available, i.e. 45 minutes of battery that will not result in cascading failure of the electrical system in that area, it will give me enough time to make certain decisions to mitigate an overload condition.

Chair Luttrell asked You cited that Nevada is approximately 2200 MW short on inertia capability are there any NV Energy projects in the IRP that are being contemplated specifically targeting import, export capability?

Mr. Reyes-he is not aware of any projects, however it is still early in the process for the 2018 IRP so I cannot comment on any transmission projects intended to address the overall import capabilities in either northern or southern Nevada.

If improving import, export capability were a goal of this state to try and reduce that number to facilitate markets, to eliminate some of the must run units to ensure competition, one of the ways that it could be possibly implemented is through the IRP process. Mr. Reyes-that is correct. A well-integrated transmission system would be key to ensuring a competitive wholesale market that would help to achieve some of the objectives of the energy choice initiative which are to reduce energy costs for the state of Nevada and to provide a variety of choices. Having a robust transmission system would be one factor to facilitate those objectives.

Chair Luttrell opened it up for additional questions.

Angela Dykema asked for a technical clarification. Would the Transmission reservation and OASIS Management be handled by the RTO or would it remain with NV Energy as a wireless company.

Mr. Lateef responded depending on how the market design and structure is, but this type of function is typically handled by an RTO, not NV Energy because it becomes part of congestion management and that equation.

Chair Luttrell indicated that the committee will be looking at various presenters for our next meeting and asked Mr. Lateef and Mr. Reyes if they had any recommendations to let him know and he will pass the information on to the staff.

Chair Luttrell closed agenda item No. 4 and moved to Item No. 5 on the agenda.

5. Action Items:

Chair Luttrell opened agenda item No. 5, an update from the Committee on Energy Choice staff on the progress of the CEC's request to the PUCN to open an Investigatory Docket (for discussion)

Matt Morris, from the Office of Governor Sandoval, thanked Mr. Cherry on his work in making sure the committee's staffing duties were transitioned in an efficient manner.

September 13, 2017 the full committee voted in favor of the chairman requesting that the PUCN open an investigatory docket to examine issues of public importance regarding the energy choice initiative.

September 27th a formal letter was sent to the PUC requesting that an investigatory docket be opened.

October 2nd the PUC opened docket #17-10001 which can be accessed through the PUC's website under the docket tab at puc.nv.gov. Any member of the committee or the public can subscribe to any notifications and updates that are posted by the PUC on this webpage. Anyone that wants to subscribe can click on the 'subscribe to a service list' link under the service link request form tab. There is a .pdf form that can be completed and returned to the PUC. The PUC will forward any materials that are related to the docket.

The PUC is now accepting written comments and any supporting materials by any interested or affected parties until 5:00pm on December 8, 2017. Thereafter written reply comments may be submitted by any interested or affected parties until 5:00pm on December 29, 2017.

The PUC posted a notice that a workshop has been scheduled for 10:00am on Tuesday, January 9, 2018. The purpose of the workshop is to discuss the comments and materials that are submitted through December. The PUC posted affidavits of publication showing that a notice of the docket was published in the Ely times, Las Vegas Review Journal, Reno Gazette Journal and the Tonopah Times. He offered to answer questions.

Chair Luttrell asked if it was a violation of the open meeting law if multiple members of the Committee on Energy Choice attended the workshop on January 9th as attendees in the audience.

Mr. Morris indicated that he would forward the question along. Ms. Bordelove from the Attorney General's office indicated as long as you do not 'talk shop', deliberate in any way, attending for the purpose of receiving information, it would not qualify as a meeting. If a quorum of members discuss the information that is received, that could run along the lines of deliberation and Ms. Bordelove cautioned against doing this.

Chair Luttrell closed agenda item No. 5 and moved to Item No. 6 on the agenda.

6. Public Comment.

Chair Luttrell opened Agenda Item No. 6 and asked if anyone from the public sought to make a comment in the Carson City or Las Vegas location. No one came forward for public comment in Carson City or Las Vegas.

Chair Luttrell closed agenda item No. 6 and moved to Item No. 7 on the agenda.

7. Adjournment.

Chair Luttrell made a motion to adjourn the meeting. The motion was seconded and the meeting was adjourned.