



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

December 12, 2017

Technical Working Group on Generation, Transmission, and Delivery

The Committee on Energy Choice held a public meeting on December 12, 2017, beginning at 1:00 P.M. at the following locations:

Legislative Counsel Bureau
401 S. 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 1:00PM by Chair Luttrell. The agenda item was opened up for roll call and a quorum was confirmed.

The following Task Force Members were present:

Working Group Members Present

David Luttrell
Darren Daboda
Angela Dykema
Jeremy Newman
Rosalie Bordelove (AGO) (via telephone)

Working Group Members Absent

James Oscarson

2. Public Comment and Discussion:

Chair Luttrell opened up for public 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 agenda Item No. 3.

3. Approval of Minutes from November 7, 2017 meeting.

Chair Luttrell opened up for public Agenda Item No. 3 asking if any members of the Committee had any corrections to the November 7th meeting minutes. Chair Luttrell suggested a revision, located on page 3, fourth paragraph, replacing the word investment with investor owned. The motion to approve the minutes with revisions passed.

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

4. Presentation: Overview of Transmission Initiative Routing Study – Tri-Sage Consulting (Discussion):

Chair Luttrell opened agenda Item No. 4, a presentation by Karen Schlichting, PE, Jay Campbell PE and Jim Bengochea PE of Tri-Sage Consulting. The presentation covered the history and the current state of the Nevada Energy Assistance Corporation Transmission Initiative Routing Study.

Chair Luttrell opened it up for questions.

Angela Dykema-after the ON-Line, does that change the eastern projects path rating or capacity?

Jay Campbell-it would change the rating of the paths into Utah and also stabilize the voltage. Additional studies will need to be done on how it is proposed for east and south as to how it works electrically with that improved system in the eastern part.

Darren Daboda-Did part of your study include the Clean Air Act for tribes?

Karen Schlichting-She was not certain and would have to go back and look at the study to see if it was considered.

Chair Luttrell-None of the three projects in your presentation came to fruition? Karen Schlichting confirmed that is correct.

Chair Luttrell-Why did it happen that way and didn't go to the next level to develop the projects?

Karen Schlichting-it came down to finding a project proponent who wanted to take it on. In 2012 there were questions about renewables, tax credits and importing energy into California. The renewable energy market has evolved with CAISO and now firms think this is viable.

Chair Luttrell-would it have changed the projects that you came up with if you would have looked at it from the CAISO import/export perspective?

Karen Schlichting-there may be an opportunity to go further north of Antelope and maybe stop at Ridgeview. The southern route would not change much and the eastern route would stand alone. The market may not have been there in the north.

Jim Bengochea-Southern route could go both ways and coal maybe a factor. It is a difficult question to answer.

Angela Dykema-is the southern project serving the same market and is it redundant?

Karen Schlichting-it is not redundant as it relates to the grid resiliency and the constraint paths. Mr. Campbell-the southern route can bolster the capability into California with more capacity.

Chair Luttrell-Looking at the routing constraints map, there is a lot of pink between Nevada and California. How viable is the southern path?

Karen Schlichting-looking at where the Bishop control is, there is a thin path that opens up without a lot of constraints and there are two, 55kV transmission/distribution lines. You could utilize that route, as we think it is a very viable route.

Chair Luttrell-regarding the 500 ON-Line project, doesn't it achieve the objective of creating that north-south route moving from the east to the south as you described, adding the line into Los Angeles is fairly matched to the IPP. Jay Campbell acknowledged that there are transmission constraints.

Karen Schlichting-ON-Line capacity is fully subscribed and is not subscribed with coal power.

Chair Luttrell-what do you think of the value of the thermal ratings?

Jay Campbell-the data in the path rating column would be more of what they would expect and that is what the prefaced path rating process will uncover.

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

5. Presentation: Overview of Alternative Transmission Development Models – GridLiance GP, LLP (Discussion)

The presentation was made by Justin Campbell, Chief Development Officer and Kevin Hopper, Vice President-Corporate Development from GridLiance. It consisted of an introduction of GridLiance, observations on non-traditional planning and development and their development efforts in Nevada and California.

Chair Luttrell opened it up for questions.

Jeremy Newman-is the 230kV in Eldorado existing or going to be built?

Justin Campbell-verified that it currently exists.

Chair Luttrell-who are the players and the competitors in the arena of transmission-only utilities?

Justin Campbell-there are two in Nevada, LS Power and GridLiance. Others are more closely associated with a traditional independent system operator; Transource Energy, Duke Energy partnered with ATC, Brookfield. If you are looking at the depth of the market, I would suggest looking at the last competitive solicitation a project called Duff-Coleman, MISO. Point of cost was approximately \$60 million and won at \$47 million. It was a six month, vigorous effort, fairly robust.

Chair Luttrell-From a transmission perspective, can you address the two wholesale markets and their approach outlining the differences between those two markets relating to wholesale, rate-based transmission development?

Justin Campbell-I would point to how transmission is allocated across the region. In CAISO you have postage stamp rates, cost for that project is spread across the whole of CAISO. SPP is almost like that with one important difference, you have the entire region and you have local zones. Depending on the voltage and the type of the project, there are different ways that cost allocation works.

Kevin Hopper-There are 19 zones in SPP. Looking at options like CAISO, the question would be, are we able to move to more of a postage stamp rate due to complications, i.e. politics and multiple entities in these zones? There are cost allocation challenges, fairness in percentage of load. SPP and cost allocation is a more complicated market.

Chair Luttrell-Transmission to the east may not benefit CAISO. How would that be adjudicated through CAISO?

Justin Campbell-I would suggest asking the question, who is paying for the project? It could be a reliability, integrated renewables or economic project. Potentially Nevada and CAISO could share the cost of the project, which would change the math on the CAISO side.

Chair Luttrell-On the reliability side, what are the operating penalties and obligations you have to adhere to meet your availability for the transmission component of the grid?

Justin Campbell-I would have to consult an RVP of regulatory compliance to provide the penalty information. The same rules that apply the NV Energy to Valley to southern California, Edison are the exact same for us. He cited an example of how GridLiance is working with Valley.

Chair Luttrell-What is the actual oversight of O and M that occurs and how is that monitored in the case of an SPP for the CAISO RTOs?

Justin Campbell-FERC has oversight and jurisdiction over GridLiance rates. GridLiance west has a FERC formula rate that includes an actual O and M and, A and G with no markup, debt service. It includes a FERC rate of return on the equity component. He stated that he is not familiar with NV Energy's position as to whether they have a stated or formulated rate with FERC. A formula rate is tried up every year.

Chair Luttrell-Is your West Connect project planned as a 230kV project?

Justin Campbell-Currently we are thinking of it as a 230kV project, but there is a potential for it to be a 500kV project.

Chair Luttrell-offered to the committee to ask final questions. There were no additional questions.

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

6. Committee discussion on past presentations and potential policy recommendations to the full Committee on Energy Choice (for possible action) - Matt Morris, Legislative Director for the Office of Governor Brian Sandoval.

Matt Morris presented a copy of a memo from the Lt. Governor and Chairman with instructions directing the working groups to begin preparing recommendations, next steps and potential issues to be forwarded to the full Committee which is scheduled to meet on January 23, 2018. He indicated that we are transitioning from the fact finding phase to recommendations and ultimately a final report. The transmission technical working group met on August 17 and November 7. Mr. Morris presented copies of prior presentations to refresh the memories of the members of the working group. The presentation provided key slides from those prior presentations.

Chair Luttrell opened it up for questions from the committee. There were no questions.

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

7. Committee discussion on issues up for future consideration (for possible action):

Chair Luttrell-Outlined the issues up for future consideration and established by Lt. Governor asking the technical working group to specifically look at and provide recommendations. The Lt. Governor is asking for an interim report for the January 23rd full committee meeting.

Chair Luttrell-provided a draft document to the technical working group members, Governor's Committee on Energy Choice Technical Working Group on Generation, Transmission and Delivery Issue Statements dated December 1, 2017. Intent in creating this document was to take what the technical working group members have learned and lay out various issues facing the state of Nevada as it moves forward in regard to generation, transmission and delivery should the electorate in 2018 decide to formally proceed on this matter. Chair Luttrell did not address agenda item 5 of the Lt. Governor's list relating to the land issues.

Chair Luttrell opened it up to discussion for each member of the committee to see if they are moving in a direction that they feel comfortable with. He added that this is a working document, allowing Mr. Morris to forward to the Lt. Governor for the January 23rd meeting and to let him know the direction that the technical working group is heading. The document focuses on the current time period and 2023.

Angela Dykema-Do you want to walk through each of the issues and findings and get thoughts from each of the committee members?

Chair Luttrell agreed and read the issue statements for the benefit of the audience and opened it up for discussion.

Angela Dykema-Does it depend upon what type of market we setup first before we can move forward with any type of recommendation on resource adequacy?

Chair Luttrell-agreed. He is only addressing the pre-2023 resource adequacy issue, how we narrow the gap that exists today and try to create a more competitive environment as we move into the wholesale marketplace.

Angela Dykema-What are we saying for the policy recommendations?

Chair Luttrell-the first item attempts to identify some tangible measures that can be incorporated or pursued in the interim period of time. There are already authorities that apply to the IRP planning process outlined in state law that can be taken advantage of through administrative and regulatory processes with the PUC. The first IRP is due June 1, 2018. He outlined short-term activities that could be pursued.

Angela Dykema asked for clarification on the issue statement relating to open positions they should identify in the IRP, estimated timeframe for implementation, construction, and permitting requirements.

Chair Luttrell-It will allow for an informed decision through the IRP process. Generation may not always happen as divestiture may have to occur. If marketable, competitive generation options exist, then they should be on the table through that IRP planning process.

Angela Dykema-Doesn't that occur anyway?

Chair Luttrell-Does not believe so, as we currently have a large resource adequacy issue.

Jeremy Newman-We need to come up with a plan between 2019-2023 for resource adequacy because the utility will no longer be in business. We need to have a plan so we have the resources.

Angela Dykema-For clarification, what specifically would be the recommendation from the PUC in the absence of NV Energy?

Chair Luttrell-To move the process along, we do not have to have our final recommendations to the Lt. Governor by January 23rd. He attempted to provide tangible recommendations on policy issues, not necessarily what the fix is. Additionally, what can be done with the PUC or the legislature in terms of any modifications that they made and would need to be considered relating the NRS or Administrative Code?

Matt Morris-confirmed that it would be a general recommendation to the Lt. Governor at this point by utilizing the existing IRP process in preparing the state for the initial passage of the initiative. He deferred to Rosalie Bordelove, general counsel, as he did not want to violate any meeting law issues.

Chair Luttrell-asked if there were any further questions relating to the recommendations.

Angela Dykema stated she will need more detail to give an opinion and indicated that she is a non-voting member on the committee. She recommended that they discuss forwarding the entire document, as is, to the Lt. Governor for the next meeting or remove the policy recommendations and leave the findings and issue statements, if that be the preference of the committee.

Chair Luttrell-asked Mr. Daboda and Mr. Newman for input as they deliberate on the subject.

Mr. Daboda-My concern has been trust and responsibility, especially representing the tribes in Nevada and regarding PUCN. As my tribe has completed its first solar project, we do not have a seat at the table, however the resource plan is a chance to offer our comments.

Chair Luttrell-Made a recommendation to meet as a technical working group before January 23rd if the committee agrees. He asked Matt Morris to verify if the other technical working groups are making recommendations.

Matt Morris-Some of the technical working groups are waiting on results of investigatory dockets and have scheduled another meeting in January. This may be something this technical working group may want to consider.

Chair Luttrell-Suggested a meeting on January 11. Matt Morris will check LCB meeting room availability and work with members on their availability on January 11 or 12.

Chair Luttrell-Are there any further comments?

Angela Dykema-We need to make sure in recognizing open meeting law that if any committee members have any proposed revisions to make sure to send them to committee staff so we can post them on the website for the public at the same time that it is distributed to the committee members.

Jeremy Newman-Item 5, federal land issue is a concern as to the location of the upper and lower test sites as far as transmission corridors and ways to import and export energy.

Darren Daboda-Some of the tribes go through the TERO office relating to construction, right-of-ways, fees and we have not addressed that.

Chair Luttrell closed agenda item No. 7 and moved on to agenda item No. 8.

8. Chair's Report (Discussion)

We addressed this topic in agenda item No. 7. Chair Luttrell asked if any committee member has a specific topic or presentation that we need to further explore to let him know. He added that we are pursuing an additional presentation for the meeting in February with the representatives of the CAISO to further discuss transmission from their perspective and their processes.

Chair Luttrell closed agenda item No. 8 and moved on to agenda item No. 9.

9. Staff update on progress of PUCN Investigatory Docket related to the Energy Choice Initiative (Docket#17-10001) (Discussion)

Matt Morris-Provided a recap of investigatory docket that was opened on September 13, 2017. Officially opened on October 2, 2017. The first deadline was December 8, 2017. Next deadline is a reply comment, December 29, 2017. First workshop will be held on January 9, 2018.

Chair Luttrell closed agenda item No. 9 and moved on to agenda item No. 10.

10. Public Comment.

Chair Luttrell opened Agenda Item No. 10 and asked if anyone from the public sought to make a comment in the Carson City or Las Vegas location. There was no public comment.

11. Adjournment. (For Possible Action)

Chair Luttrell adjourned the meeting.