



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

April 26, 2017

The Committee on Energy Choice held a public meeting on April 26, 2017, beginning at 12:00 P.M. at the following location:

Legislative Counsel Bureau
401 S. Carson Street, Room 4100
Carson City, NV 89701

The meeting was also available via videoconference at:
Grant Sawyer State Building
555 East Washington Avenue, Room 4404B
Las Vegas, NV 89101

- 1. Call to order and Roll Call:** The meeting was called to order at 12:03 PM by Chair Mark Hutchison. Chair Hutchison thanked all for attending the first meeting and noted that the agenda will be followed as noticed. The agenda item was opened up for roll call and a quorum was confirmed.

The following Task Force Members were present:

Committee Members Present

Mark Hutchison
Kevin Hooks (via videoconference)
Adam Laxalt (via teleconference)
Barry Gold (via videoconference)
Sam Caster (for Adam Kramer)
Darren Daboda (via videoconference)
James Settlemyer
Kelvin Atkinson
James Oscarson
Chris Brooks
Eric Witkowski
Dave Luttrell
Daniel Witt
Erik Hansen
Dana Bennett

Paul Caudill
Jeremy Newman
Ann Silver
Kevin Sagara
Jeremy Susac
Jennifer Taylor
Steve Hill
Angie Dykema
Joe Reynolds
Andy Abboud

2. Public Comment and Discussion:

Chair Hutchison opened 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 Hutchison closed agenda item No. 2.

3. Opening Remarks – Lt. Governor Mark Hutchison and Pam Robinson:

Chair Hutchison thanked all of the members for their participation, time, energy, and commitment put forth to this committee, and noted that all are industry professional leaders and the committee is an impressive array of talent. Chair Hutchison then continued with an overview of why the committee was put in place. This commission was created by Governor Sandoval by way of his executive order; its mission is to identify legal, policy and procedural issues that need to be resolved and to offer suggestions and proposals for legislation, regulatory and executive actions that need to be taken for the effective and efficient implementation of the Energy Choice Initiative should it pass again in 2018. Hutchison stated that is our charge, this is our mission, and noted that this should be a very energetic group with thoughtful discussion while being respectful of each other. Chair Hutchison stated that there will be different presentations over the life of the commission and that there may be members presenting. Chair Hutchison asked that if a member does do a presentation that they be neutral in the presentation.

Ms. Pam Robinson from the Governor's Office stated that she handles energy and other policy issues for the governor who is currently in Washington DC and she is here on his behalf. Governor Sandoval wants to thank everyone for their willingness to make the time and commitment to do this work; this is not lost on him and he is particularly grateful to the Lt. Governor for agreeing to serve as chair of this committee. The makeup of the committee has a lot of diversity in order to make sure that all voices are heard, there are robust and thorough discussions, and all aspects of the initiative are addressed properly. Ms. Robinson stated that for those that are watching the Nevada Legislative session and those members that are part of the Legislature, we know that energy is front and foremost on a number of the agendas. She noted that there is a lot of time and energy put into this issue for the Legislature and that this committee will be very helpful as we walk through those bills and those policy measures to help put side bars on those and come up with a good product. Ms. Robinson stated the reason we are here today is because of the Energy Choice Initiative that passed in 2016 and will be on the ballot again in 2018. Ms. Robinson then read a quote from the Governor's Executive Order announcement. The Governor wants the committee to look at all aspects and how you successfully achieve Energy Choice and navigate the complexities of implementation for consumers and providers and has to include a robust cost analysis of this. Ms. Robinson then thanked all of the members on behalf of the Governor and stated that she looks forward to working with all of the members.

Chair Hutchison then thanked Ms. Robinson for representing the governor and the opportunity to work together.

Chair Hutchison closed agenda item No. 3

4. Administrative Tasks of Committee:

Chair Hutchison opened this agenda item and discussed setting up the commission, sub committees and the parameters and particulars of the commission and each committee.

Chair Hutchison then nominated Ms. Dana Bennett for Vice Chair and Senator Settlemeyer seconded that motion. The motion passed unanimously.

Chair Hutchison then opened other considerations or nominations up for discussion; there were no other nominations or discussion.

Chair Hutchison then took a vote for the nomination of Dana Bennett – a unanimous vote was achieved and Dana Bennett was named as Vice Chair of the Commission.

Vice Chair Bennett thanked the chair for the honor.

Chair Hutchison thanked her for her willingness to serve and all members for their votes.

Chair Hutchison then moved onto the next task and there was discussion regarding the next meeting date of May 10 and opened it up for comments, thoughts and recommendations.

Mr. Daboda, Mr. Settlemeyer, Mr. Atkinson and Mr. Oscarson all expressed that this date would not work for them.

Chair Hutchison stated that he would have his staff send out a poll for options on the next meeting.

Chair Hutchison said that he wanted to discuss the appointment of the technical advisory committees and the Chair designations. The membership was determined by the Lieutenant Governor and staff, this was created as a way to address the issues most efficiently and took into account all expertise and technical knowledge and what they would bring to each committee. The technical committees will not be holding any meetings until after the next meeting. Chair Hutchison stated that specific issues and topics would be assigned to each working group with the guiding document as the executive order. Chair Hutchison directed everyone to look at the current designations but stated he felt that he did not need to read through the list. Chair Hutchison then asked if anyone had any discussion or changes. Chair Hutchison stated that he will interpret silence as acceptance. The identification of the chairs was announced for each sub-committee. Chair Hutchison said that he wants the technical advisory committees to start thinking about these various committees and advised that what they will do will be discussed thoroughly in the next meeting. Chair Hutchison then opened this item up for discussion.

Ms. Taylor asked if these assignments will be released for public after the meeting.

Chair Hutchison then stated that these assignments will be released but did not want to do that until everything could be confirmed.

Chair Hutchison closed agenda Item No. 4

5. Energy 101 Presentation – Garrett Weir, General Counsel & Hayley Williamson, Assistant General Counsel, PUCN:

Chair Hutchison opened agenda item No 5 and welcomed the presenters of the Energy 101 Presentation.

Garrett Weir and Hayley Williamson provided a presentation that went over the Statutory Authority of the PUCN, an overview of Utility Regulation, what the current retail electric service looks like in Nevada and what planning for a new Utility Provider would include, such as Integrated Resource Planning (IRP) and Electric Rate Components.

Mr. Daboda expressed concern about the solar projects on page 5 of the slide deck and wanted to know why there are solar projects that are not shown on the graph. Mr. Daboda clarified that the projects are out of state.

Ms. Williamson apologized and stated that the out of state projects are not captured on this graph.

Mr. Brooks asked in regards to the Electric Rate Components shown on page 14, specifically of the EE, REPR, TRED and UEC, what component of the rate that makes up on a percentage basis, as that is something moving forward that would need to be stripped out as those are legislative policies put in place to recover rates.

Mr. Weir answered that he does not know the total of the percentage of the bill but will provide that information to the committee after the meeting.

Mr. Caster (sitting in for Mr. Kramer) asked about the fair rate of return and where that percentage sits right now. Mr. Caster also wanted to know if that was designed to attract capital investment and if there was ever a time when the utility would get over the 10%.

Mr. Weir answered that is approximately 10% but can get the exact number after the meeting. He also confirmed that this was designed to attract capital investment and that there could be a time when the utility would get over that 10% but most of the time it is under.

Mr. Caudill stated facts about Sierra Pacific Powers ROE last year was at 9.6% and there was a presentation made to Mr. Brooks' committee which addressed some of the earlier questions and is publicly available.

Mr. Susac asked about the IRP on page 11, where it discusses RPS and energy efficiency being taken into consideration, but wanted to know what role distributed generation and storage took, if any had been discussed.

Mr. Weir said that those two are not currently part of the IRP process but there is a bill in the session right now that discusses this matter.

Ms. Taylor asked Mr. Weir to provide some details on FERC.

Ms. Hayley discussed what jurisdictions both FERC and PUC have.

Mr. Luttrell asked about the typical electric delivery system, and wanted to have data on line losses through NV Energy systems as well as other utilities.

Ms. Hayley stated that they do calculate in line losses and off the top of her head she stated that she believes the line losses on distribution were 4% or 2% but will get the actual numbers for the committee.

Chair Hutchison asked what the biggest issue they could see in Energy Choice.

Mr. Weir discussed what he believes the biggest issues could be as the treatment of the assets owned by the incumbent utility and how to see the divestment of those assets.

Chair Hutchison asked about the IRP and how that would change in a deregulated market.

Mr. Weir stated that he believes that the legislature would be involved in crafting the IRP, some planning must be made and the PUC would play a role in.

Mr. Reynolds spoke on behalf of the PUC, as the Chair of the PUCN, and stated there are many questions and unknowns, and his number one question would be whether or not this is good for Nevadans.

Mr. Gold asked what are the biggest issues to look at, what factors and what are they looking at in other states.

Mr. Weir discussed that a lot will be governed by the legislative policies enacted, consumer protections, but comes down to what the costs are going to be with the stranded assets and how to allocate those costs, and how to implement the recovery of those costs.

Chair Hutchison thanked them for their time and closed item no 5.

6. Ballot Initiative Presentation – Matt Griffin:

Chair Hutchison opened Agenda Item No 6 and welcomed the presenters.

Mr. Griffin stated that with his presentation he wanted to identify what the intended language within the petition is. Mr. Griffin said that this represents the opening of an Energy Market that allows for competition and innovation. The petition does not dictate how this will happen, as that will be under the purview of the legislative body and PUC. Mr. Griffin went into great detail of the language of the petition, what its intent was and what will happen in 2018 on the ballot as mandated by legislation. Mr. Griffin discussed each subsection of the petition and what it means for the legislative body and the public. Mr. Griffin also emphasized that the Legislature

will dictate what this open market will look like. Mr. Griffin then introduced Mr. Weber, Counsel working with Energy Choice Initiative

Mr. Weber discussed a very high level overview of what will change in an open and competitive market. This has been done in a lot of states and is quite common in the Eastern States more than the Western States. Mr. Weber suggested that the committee look at other states for what went well and what didn't go well. Mr. Weber then discussed the basic framework of what the market could look like and what the issues before this committee are. Mr. Weber also discussed what the Energy Choice Initiative does not change or affect, for example renewable energy policy, energy efficiency policies and the public power and Cooperatives.

Mr. Brooks expressed concern about some conversations that had been happening at the legislative building in both the Senate and Assembly sessions that there was concern that this initiative could potentially affect bills that are currently going through the legislative session and wanted to thank both Mr. Griffin and Mr. Weber for putting it on record that this initiative won't limit the legislative body in the current proposed policies. Mr. Brooks asked about the component of energy that are legislative mandates such as, energy efficiency, UEC, Low income, and others, which are about 2.5% of the component of energy for residential. He was interested in how we would embed that in the rates, where this has been done lately, and whether it was done through a constitutional amendment. Mr. Brooks also wanted to know if there was an area where there was retail choice but not in an existing organized wholesale market. Mr. Brooks wanted to know if they knew of any states that were successful but not part of a wholesale market.

Mr. Weber stated that he has not seen it done through a constitutional amendment and as far as what has been done lately; most states have been doing it for a few decades but are still evolving and getting it right. Mr. Weber then discussed that as far as where the other costs are embedded would depend on what is determined between the commission and legislature. It depends on who sends the bill and where it comes from.

Ms. Silver wanted clarification on the fourth bullet from page 9 about the right to cooperate with others, what does that mean and who does that include.

Mr. Griffin expressed that the initiative was intended to establish a framework for all Nevadans to come in and help define what this could mean for the initiative and everyone that would be affected. The petition is not intended to restrict the legislative actions.

Mr. Hansen asked with respect to the RPS standards that are set with the language drafted in law today how this applies to the provider which flows openly to the end user – in this case if we start bifurcating the market, would your anticipation of the market mean that residential customers would have to procure a certain percentage of the market choice?

Mr. Griffin expressed that this is all part of what the legislature can do and decide on and this petition does not touch the authority of the legislature to answer that questions

Mr. Hansen also wanted to know what the stumbling blocks were when Nevada tried this fifteen years ago.

Mr. Weber expressed that he was not part of the previous effort and would need a little more time to analyze what did go wrong previously however; he is happy to do so. Mr. Weber also discussed what the importance of looking at what other states went through in order to really analyze what went wrong and what went right.

Mr. Griffin added in that what he has been told about the previous process was some of the regulation of FERC and fraud, he believes that this time we should know how we are going to regulate the process to protect the consumers.

Mr. Witkoski asked Mr. Weber to describe how the POLR or Provider of Last Resort works and who he foresees the POLR would be, how the wholesale market works and who regulates this market.

Mr. Weber discussed how a POLR generally works, what the disadvantages could be and how other states have handled this.

Mr. Gold and Mr. Weber discussed FERC regulations, current regulators, and how the transmission lines work under FERC regulations.

There was discussion between Mr. Daboda, Mr. Settlemeyer and Mr. Griffin about sovereign nations and who can or cannot be part of the initiative.

Further concerns from Ms. Taylor, Mr. Caster, Chair Hutchison about what the intentions of the petition are, what the success of other states has been, how Nevadans can learn from others and what the biggest challenges will be was discussed.

Mr. Weber and Mr. Griffin expressed that the initiative is a constitutional amendment that will include everyone and that it would be best to really look at other states success and failures.

Chair Hutchison closed agenda item No. 6

7. Regional and National Marketplace Presentation – Stacey Crowley, CAISO:

Chair Hutchison opened Agenda Item No 7.

Ms. Crowley and Mr. Petengale discussed an in-depth overview of what the Regional and National marketplace is and focused on the functions of an Independent System Operator (ISO). Currently the CA ISO is the only western independent system operator. The ISO is governed by a board which is nominated by the Governor and confirmed by the Senate, these are financially independent members and have no financial benefits of the ISO. Ms. Crowley discussed who the ISO coordinates with for Energy Policy, what the ISO functions are and what the goals are of the ISO.

Mr. Hansen expressed concern about the difference between the CAISO, CCA's and what the possible structure of the retail market in Nevada could be, asking Ms. Crowley to give her opinion on how this could work in Nevada.

Ms. Crowley and Mr. Petengale discussed the CCA's, Community Choice Aggregator, and how it would be a similar model and that there is a retail choice in CA, however it has been limited by actions of the legislature.

Mr. Brooks and Ms. Crowley discussed that Nevada would not fall under the same compliance requirements if we joined the CAISO.

Mr. Hill asked why Nevada doesn't currently belong to the CAISO. Ms. Crowley gave her opinion on why Nevada is not part of the CAISO but could not necessarily give an actual answer because it is up to Nevada on whether or not they join the CAISO.

There was discussion between Mr. Caster and Mr. Petengale on how the load on the grid is allocated correctly in order to not hurt Nevada resources.

Chair Hutchison closed agenda item No. 7

8. FERC's Role Presentation – Carolyn Barbash, NV Energy:

Chair Hutchison opened Agenda Item No 8.

Ms. Barbash discussed FERC's role, the organizational structure, what FERC does have jurisdiction over, where they do not have oversight and who is affected by FERC. Ms. Barbash also discussed that there are three vacancies on the FERC Board so right now there is a backlog of cases that need to be reviewed and until a quorum is obtained nothing is moving through FERC right now.

Mr. Witkoski and Ms. Barbash discussed market based rates in relevance to FERC jurisdiction and whether or not there are issues with FERC's jurisdiction compared to states jurisdiction

Mr. Oscarson asked about the appointments of the new commissioner and whether or not it would change the current structure. Ms. Barbash stated that she would not be able to answer that as she is not part of that process.

Mr. Luttrell, Mr. Hansen and Ms. Barbash discussed the differences and options with a competitive wholesale market and regional markets and how this process would work, what the steps are and what the possible options are for Nevada as well as the time frame.

Mr. Witkoski asked Ms. Barbash about the differences between Texas and Nevada, Ms. Barbash indicated that there are quite a few differences.

Chair Hutchison and Ms. Barbash discussed the important role of FERC and what FERC has jurisdiction over when approving the legislation dictating a wholesale market in Nevada.

Mr. Gold asked Ms. Barbash to tell us how long it's going to take to put in the 3 missing nominees for the FERC Board, how long it will take to get them up to speed and if it's going to hinder our process at all. Ms. Barbash indicated that she would hope that the President would nominate those vacancies soon and then they would be confirmed by the Senate and the process would get underway sooner than later.

Chair Hutchison closed agenda item no. 8

9. Other Considerations:

Chair Hutchison opened this agenda item and stated that this item on the agenda is an opportunity for the committee to determine what the true fiscal impact will be and would like all member's thoughts but wants to roll this over to the next meeting so that the members have time to think about it. Mr. Brooks indicated that the interim energy committee would have all of the resources needed from the legislation. Ms. Taylor asked for clarification on what kind of fiscal impact Chair Hutchison is looking for and Chair indicated that he is looking for a comprehensive plan of the fiscal impact.

Chair Hutchison also asked the members of the committee to consider future subjects for the meetings, the main meeting and the subcommittee meetings. Ms. Taylor discussed that she believes it would be very beneficial to obtain information from all types of sources to get as much information as possible.

Chair Hutchison closed agenda item no. 9

10. Public comments and discussion:

Chair Hutchison moved on to public comment and asked if anyone from the public sought to make a comment on the matter in both Carson City and Las Vegas locations.

Ms. Peggy Bowen, a member of the public, expressed her concern for National Security and safety for our communities in Nevada. She believes that the above ground power lines are putting the community at risk. Ms. Bowen would like the legislature to rescind the actions that happened in the last session. Ms. Bowen discussed her issues with the lines and what they are not getting, what the community is paying for and how it is a concern for her.

No other members of the public came forward to provide comment.

Chair Hutchison closed agenda item No. 10

11. Adjournment

Chair Hutchison thanked all for their participation and attendance and adjourned the meeting at 3:24PM.