



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

September 13, 2017

The Committee on Energy Choice held a public meeting on September 13, 2017, beginning at 12:00 P.M. at the following location:

Legislative Counsel Bureau
401 S. Carson Street, Room 1214
Carson City, NV 89701

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

- 1. Call to order and Roll Call:** Chair Mark Hutchison called the meeting to order at 12:03 AM. Chair Hutchison thanked all for attending the 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.

Committee Members Present

Mark Hutchison
Barry Gold
Adam Kramer
James Settlemyer
Chris Brooks
Dave Luttrell
Erik Hansen
Dana Bennett
Paul Caudill
Jeremy Newman
Ann Silver
Jeremy Susac (Via Teleconference)
Jennifer Taylor
Steve Hill
Angie Dykema
Joe Reynolds

Ernest Figueroa
Andy Abboud

Committee Members Absent

Adam Laxalt
Kelvin Atkinson
James Oscarson
Daniel Witt
Kevin Sagara
Kevin Hooks
Darren Daboda

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.

Dr. Eric Young, citizen in Las Vegas, spoke about his interest in the Energy Choice initiative and learning more of what the details are. He wanted to know what options the lower income residents would have and expressed his opinion on when the state of Virginia went through Energy Choice.

Chair Hutchison closed agenda item No 2.

3. Approval of Minutes from April 26, 2017 meeting:

Chair Hutchison opened agenda item No 3, reminding the committee that they had received the Draft minutes from the previous three meetings via email recently and opened up the floor for any comments, additions or corrections on the draft of these minutes as well as the other two meetings that had happened and have minutes for approval.

Chair Hutchison asked if anyone would move for a motion of approval.

Motion to approve was submitted by Mr. David Luttrell, seconded by Mr. Jeremy Newman, all were unanimously in favor and the minutes were approved.

Chair Hutchison closed agenda item No 3.

4. Approval of minutes from May 10, 2017 meeting:

Chair Hutchison opened agenda item No 4, reminding the committee that they had received the Draft minutes from the previous three meetings via email recently and opened up the floor for any comments, additions or corrections on the draft of these minutes as well as the other two meetings that had happened and have minutes for approval.

Chair Hutchison asked if anyone would move for a motion of approval.

Motion to approve was submitted by Mr. Barry Gold, seconded by Ms. Jennifer Taylor, all were unanimously in favor and the minutes were approved.

Chair Hutchison closed agenda item No 4.

5. Approval of minutes from July 11, 2017 meeting:

Chair Hutchison opened agenda item No 5, reminding the committee that they had received the Draft minutes from the previous three meetings via email recently and opened up the floor for any comments, additions or corrections on the draft of these minutes as well as the other two meetings that had happened and have minutes for approval.

Chair Hutchison asked if anyone would move for a motion of approval.

Motion to approve was submitted by Mr. David Luttrell, seconded by Ms. Jennifer Taylor, all were unanimously in favor and the minutes were approved.

Chair Hutchison closed agenda item No 5.

6. Presentation: Overview of NV Energy's Electric System and Planning Process – Kevin Geraghty, Senior VP of Energy Supply:

Chair Hutchison opened agenda item No 6 (12:11-12:57)

Discussion (12:58-1:41)

Kevin Geraghty, Senior VP of Energy Supply at NV Energy, provided a description of his background in dealing with the deregulations in other states and his work at NV Energy. Mr. Geraghty discussed Energy Supply versus Resource Adequacy, he expressed the importance of planning over the horizon and not the day ahead or in real time environments to ensure that there is an energy supply for the customers in the future. Mr. Geraghty discussed how resource adequacy relates to the maximum amount of electricity that a customer can demand at any one precise point in time and the necessity for any market to have enough resources to supply the demand. He provided details about energy supply requirements. He discussed how NV Energy has to provide a three-year energy supply plan to the PUC to assure a reliable and economical solution for the customers. He spoke about resource adequacy, having enough supply-side and demand-side resources available regardless of the uncertainties of the future. He discussed issues with the market now and issues in the future as well as the resource adequacy component of the market today and the importance of the planning process for the future of the state. He said NV Energy has already filed an update to the Energy Supply Plan to hopefully achieve resource adequacy via market solicitations and also intends to update its integrated resource plan later this fall to offer additional solutions to manage the longer-term lack of resource adequacy. Mr. Geraghty said that he believes the focus needs to be on creating a large, effective and diverse wholesale marketplace. He said that retail choice states are not obligated to plan or build resources for the long-term load projections, and the committee needs to remember that when going into a new market design. States that have attempted to ensure resource adequacy via administrative solutions have been rejected by FERC. Mr. Geraghty stressed how important gas as a resource is for Nevada and the future of the state. Mr. Geraghty discussed what he believes would be the path to go on if Energy Choice is approved. He discussed the different issues in a new market, inadequate resources, plans for new or existing assets and how all of this will be managed. He then went through the NV Energy/Nevada Power import capabilities, the power purchase agreements, and how energy is supplied to the consumers based on current reports and future resource adequacy projections.

Chair Hutchison and Mr. Geraghty discussed looking at the different markets and Mr. Geraghty said that he believes the committee should look at all options and determine what works for Nevada, with the most important point of making sure that the state has the resources ahead of time before heading into any new market design. They discussed what happened in the rust belt

states and Texas markets. Mr. Geraghty said that they have resources we do not have, especially in Texas, we can look at the market design and apply it to Nevada but that doesn't mean it's going to work here. Mr. Geraghty stated that resource adequacy is what we need to make sure we have before looking at any other models and if we do not have the resources it doesn't matter what model we look at, it won't work without adequate resources.

Mr. Luttrell and Mr. Geraghty discussed transmission and long term projects and when those will be addressed with NV Energy's filings. The transmission and generation projects will be addressed in the amended integrated resource plan. They discussed how the long term contracts would be handled and the time frame of bringing new resources online.

Mr. Brooks and Mr. Geraghty discussed how others that were part of a regulated retail market went to the new market and who helps control some of those decisions. They discussed other states have gone to open competitive without being part of a larger wholesale market, or coupled with a system operator. They discussed guarantees on resource adequacy and how this would all work and who assures resource adequacy for the smaller areas.

Mr. Abboud asked about the impact of resource adequacy when there are large customers that exit the grid who were charged high exit fees and whether or not that actually creates a new resource to sustain resource adequacy.

Mr. Geraghty is not familiar with the contracts those entities brought forth and said it is not necessarily a new resource. They are taking advantage of lower cost energy and the assurance from the person supplying that energy. Simply leaving does not increase the resource adequacy; it can improve the utilities obligation in a sense. In the real time environment, we still have to balance the load. The resources do not show up, they still have to come in and manage that. NV Energy is the only entity who is obligated to serve those customers regardless of if they left the grid or not.

Ms. Taylor and Mr. Geraghty discussed how other markets handle the enforcement of making sure there is enough resources to handle the load. Mr. Geraghty said even in those markets, if you run out of resources, there is a plan to maintain that grid, and bump other loads off if it happens. They discussed how different components are divided up in other markets, for example who is responsible for energy efficiency resources. PJM has a capacity market, the number one low cost resource was EE, in a market environment you would generally look at load serving entities, aggregators to come in. Also think that some of the states still have that obligation and in the market we would have to figure out who that would be. They discussed the importance of gas as a resource, the necessity of it, and whether or not gas plants are still economical in a competitive market.

Ms. Dykema asked about resource adequacy deficiencies over the next three years, and what NV Energy's plan is as mentioned on slide 17?

Mr. Geraghty said that NV Energy is working on it, they can exam shorter term agreements, but we don't know yet and will give it as much thought as we can before bringing it forward.

Mr. Kramer and Mr. Geraghty discussed the 704B exit customers, the resources being taken by those customers and given back to NV Energy. They discussed how this could be considered a

new resource but that in reality NV Energy does not feel this actually creates a new resource. They discussed the imbalance market and how this all works together.

Mr. Reynolds said he wanted to clarify about Mr. Geraghty's comments regarding 704B customers and departed customers, the inclusion of both load generation and distribution in respect to the integrated resource planning and how he may be articulating the views and positions of NV Energy but those are not necessarily the opinions and views of the PUCN.

Mr. Settlemyer and Mr. Geraghty discussed the rural aspect and the concerns that there is only one power company required to provide power but the state has others that are providing power in the form of rural coops and what will happen to these other entities once the initiative goes through.

Ms. Dykema asked about slide 21 in regards to the statement that no one is required to plan for resource adequacy and doesn't this ultimately come down to the PUC as being an enforcer or an RTO? Mr. Geraghty said that the RTO cannot obligate anyone to build or produce a resource. No one has the power to tell anyone to spend their resources or spend their capital unless they have a reason that they can profit from it. The market has to create the signals to adjust the market and create the resources so they do not lose them.

Ms. Bennet asked what percentage of customer demand comes from residential.
Mr. Geraghty did not have that answer.

Mr. Hansen talked about the 704B customers and the process they go through when unbundling. He wanted to make sure that everyone knew that just because the customer exits does not mean they are just free, they still have to comply with all of the requirements of FERC and the same as what is required of NV Energy.

Chair Hutchison thanked Mr. Geraghty for his time and expertise and then closed agenda item No 6.

7. Presentation: Monitoring Wholesale Energy Markets – Joe Bowring, President, Monitoring Analytics, Independent Market Monitor for PJM:

Chair Hutchison opened agenda item No 7 (1:42-1:45 break; 1:45-2:41)
Discussion (2:41-2:58)

Joe Bowring, Market Monitor with Monitoring Analytics, discussed how the PJM market monitoring works. He showed the different markets that Monitoring Analytics monitor, and the statistics of those markets. He discussed the role of Market Monitoring and what is required by FERC and what detailed monitoring is required under them. He discussed competitive wholesale markets, competitive retail markets, and how market monitoring works in those markets. He discussed what they have to do, who they monitor, how they report to FERC and how things could be improved in the market. He discussed the authority of the market monitor and what they cannot control as well as the process for monitoring the market. Mr. Bowring

discussed adequate resources, as well as the Stakeholder process and market rule development. He discussed the market monitors authority to perform analysis over the market, how they can file complaints with FERC, make referrals to FERC and additional authorities. The market Monitor has access to the RTO data, which is unlimited, and without stipulations. He discussed the institutional requirements for independence and the market design issues in PJM. Mr. Bowring discussed the lessons they learned over the process of becoming an independent market monitor and the goals of a market monitor.

Mr. Figueroa asked when filling a complaint what the quickest answer from FERC was and Mr. Bowring said the quickest was 6 months.

Mr. Brooks and Mr. Bowring discussed the carbon market in PJM. Mr. Bowring said there are a few states that do have a carbon market. They discussed how this crosses over states lines, how the market monitor ensures compliance and how everyone interfaces with each other on a state by state basis. They discussed the issues this could create and how these states are dealing with different resources and issues. Mr. Bowring said there is an organization that handles these conversations, there are oversight committees that meet annually and coordinate across the market to make sure that communication happens.

Mr. Hansen asked about specific CFRS and FERC rulings to look at and Mr. Bowring said he would provide those. Mr. Hansen and Mr. Bowring also discussed the way capacity resource market offers and energy resource market offers and how those work.

Ms. Taylor and Mr. Bowring discussed the different fuel sources and coal plants and why the cost competitive resources are not being put into the market plan. They discussed how solar is competitive and how it is growing. Mr. Bowring discussed how renewables are less than 5% of the total energy in the PJM Market.

Mr. Luttrell asked in the states covered by PJM are there Portfolio standards in those states. Mr. Bowring said yes, and if you look at the report they put out, it identifies each states renewable portfolio standards (RPS).

Mr. Luttrell and Mr. Bowring also discussed how the states that don't have solar are affected in the market.

Chair Hutchison closed agenda item No 7

8. Hearing on Potential Request by the Committee on Energy Choice (CEC) for a Public Utilities Commission of Nevada (PUCN) Investigatory Docket:

Chair Hutchison opened agenda item No 8

Ryan Cherry came forward to discuss the reasons for the Committee on Energy Choice to request an investigatory docket from the PUCN. He discussed the timeline, and what he thought the process would be if the committee choose to submit a request to the PUCN.

There were questions from the committee members regarding the type of process this would be and whether the PUCN would have data and information that the committee would not be

receiving. Committee members discussed the timing of the process, the requests that would be asked of the PUCN and how all of it would be incorporated into the final result of providing a recommendation to the Governor. The fact that this would be an open, public, transparent process of data gathering is the reason behind asking the PUCN to do this. If the PUCN does the investigatory docket it would allow all stakeholders the same option to speak on these matters Mr. Reynolds wanted to make sure that the committee understood that if they ask the PUCN to open this docket then it would be separate and apart from anything the committee did. The PUCN will follow all of the rules and laws required by them for the investigatory docket and will do their best to provide the information requested in the timeframe needed. Mr. Reynolds also stated that the PUCN will not be making any recommendations on the ballot initiative and the docket is the PUCN's docket. He feels that this is an opportunity to create a cornerstone report for the committee, legislature and public to review and assist in moving the conversation forward with a road map of the choices available. There was discussion with the committee members regarding the 704B issues identified on the proposed document and as there are members that will step down from the committee if that was an issue that was going to be looked at again. Mr. Reynolds said that he does not want the PUCN to look at the 704B issues and feels that this is not an appropriate item to have on the document. There was further discussion regarding the issues that they want to propose to the PUCN for the investigatory docket. Mr. Cherry went through the issues identified on the document and there was discussion regarding these recommended issues between the committee members. Committee members voiced their opinions about the 704B issues and expressed that these issues are not included as part of what is requested of the PUCN. Chair Hutchison asked the committee members to vote on submitting this request to the PUCN.

Mr. Settlemyer submitted a motion to request the PUCN to open an investigatory docket for items 1-4 of the proposed items on Mr. Cherry's document, the motion was seconded by Mr. Hansen.

Chair Hutchison asked for comments on this motion.

Mr. Brooks expressed his concern of the potential costs of this initiative and that he believes we should ask the PUCN to investigate the potential costs. Mr. Gold also expressed that he thinks the potential costs need to be included in the request to the PUCN. Ms. Silver said that in her review of the executive order that it specifically states that we should identify costs and thinks we should ask the PUCN to look at both the costs and the benefits. Mr. Settlemyer stated that he left out the potential costs because he believes that if the PUCN looks at costs then that can't be a full review because it does affect the 704B customers. Chair provided his comments about the costs and why he does not believe it should be included with the request to the PUCN and that the costs and benefits should be looked at by the committee or working groups. Mr. Figueroa stated that he believes the costs and benefits should be reviewed by the PUCN because those items affect the consumer. Mr. Reynolds stated that if he is opening an investigatory docket then the PUCN will be looking at the costs to the consumers as it is a number one question and the PUCN cannot do half of their job by not looking at the costs and only giving half of the data. He stated that regardless of whether the committee asked for costs or not, the PUCN will review 704B customers and costs and if the committee does not want the PUCN to look at that then the committee should not proceed with the request of opening an investigatory docket. Mr. Abboud asked about the costs and whether that data would be provided to the committee for review and why Mr. Reynolds would not look at the benefits. Mr. Reynolds

stated that the data provided would be part of public record and would be available for anyone to look at and if the commission does look at costs, then yes they will also look at benefits. The only information that cannot be disclosed are any items specifically requested to be proprietary and confidential. Ms. Taylor asked Mr. Reynolds about the items on numbers 1-4 and whether or not the PUCN would limit reviewing of the costs to just those items specifically or would that then role to the items number 5 or the 704B customers.

Mr. Reynolds stated that once the docket is opened the PUCN will look at any items that need to be reviewed in order to provide the investigatory docket as required by statute, the PUCN will not be micromanaged and they will do the job as required by them. Mr. Gold asked Mr. Settlemyer to amend his motion to include other items and Mr. Settlemyer responded that the reason he is avoiding number 5 because it is automatically linked to the 704B customers and he has purposely left those out so he will not modify his motion. Mr. Kramer spoke about a point that Mr. Abboud posed earlier, there is a proprietary element to making the impact fee public knowledge and that he feels that the committee should have all of the information provided. Ms. Dykema said that the whole investigatory docket is a separate and independent process and the committee does not have to accept anything given by the PUCN.

A vote was taken, the motion carried and items 1-4 will be forwarded to the PUCN for the opening of an investigatory docket.

Mr. Abboud asked for a roll call vote – Mr. Hansen and Mr. Kramer asked for a roll call vote to be taken.

Ms. Wickham took a voting roll call, there were 8 yay's, 5 nay's, 1 abstention

Chair Hutchison closed agenda item No 8

9. Chairman's Report:

Chair Hutchison opened agenda item No 9

Chair Hutchison spoke about the primary focus over the next set of meetings with the committee and the technical working groups. He said that there will no longer be any joint technical working groups as the time just isn't there for that. Chair let everyone know that Mr. Cherry will be leaving the Lt. Governor's staff at the end of October and that Matt Morris with the Governor's office will be taking over as the lead coordinator of the committee meetings. Chair also identified that the staff will work with the technical working groups to massage the issues needing to be worked on further with the newly requested items of the PUCN.

Chair Hutchison closed agenda item No 9

10. Public comments and discussion:

Chair Hutchison opened Agenda Item No 10 and asked if anyone from the public sought to make a comment on the matter in both Carson City and Las Vegas locations.

Kevin Robison, Assistant General Manager of Mt. Wheeler Power, said that he wants to point out that most states who introduce Energy Choice have given the members of the rural cooperatives the option to opt in or opt out of the new market. Mr. Robison said that he feels

that currently it does not seem like the committee is giving the rural electric cooperatives the opportunity to provide their choice.

Terry Grey, Cornerstone partners RESA, inform that the national association of marketers is having a convention in Las Vegas in October and RESA wanted to encourage all members to attend that conference if possible from October 23-25th at Casers, Western Energy Policy Settlement is the focus and he is encouraging attendance by the committee members.

Ash Mason, with the Christian coalition, spoke about knowledge in having to make critical decisions about energy needs. He said that Texas and Florida have energy market models that we could look at, where Texas has an open market but in Florida it's a state set market and right now there is no power in Florida and the consumers have no choice of where to get the power they require. They understand the difficult decision before them and hope to speak with each member individually.

Chair Hutchison closed agenda item No. 10

11. Adjournment

Chair Hutchison thanked all for their participation and attendance and adjourned the meeting at 4:29 PM.