



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

August 17, 2017

Joint Meeting of the Technical Working Group on Generation, Transmission, and Delivery & the
Technical Working Group Energy Consumer & Investor Impact

The Committee on Energy Choice held a public meeting on August 17, 2017, beginning at
1:00 P.M. at the following location:

Legislative Counsel Bureau
401 S. Carson Street, Room 2134
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 James Settlemeyer. Chair Settlemeyer 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 for both committees.

The following Task Force Members were present:

Committee Members

David Luttrell
Darren Daboda
Angela Dykema
Jeremy Newman
James Oscarson (Absent)
James Settlemeyer
Paul Caudill (via video conference)
Erik Hansen (via video conference)
Mark Hutchison (via video conference)
Joe Reynolds

2. Public Comment and Discussion:

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

3. Approval of Minutes from the June 21, 2017 meeting of the TWG on Energy Consumer & Investor Economic Impact.

Chair Settlemeyer opened up for public Agenda Item No. 3 indicating that the draft minutes had been circulated electronically. He then asked if any members of the Committees had any corrections. Mr. Hansen moved to approve the minutes and Mr. Reynold seconded the motion. The motion to approve the minutes passed unanimously.

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

4. Presentation: NREA & Energy Choice: A Review of Assets and Federal PPA contracts (Discussion):

Chair Settlemeyer moved onto Item No. 4(a)(i), which was a presentation by Hank James, Executive Director of the NV Rural Electric Association (NREA).

The presentation covered what the NREA is and what it does. The NREA members offer an energy choice to customers in rural areas via the pool of utility distributors. Mr. James discussed energy rate components. Five of the nine NREA members are located in Nevada. He discussed the open energy market and how NREA would fit into that market, including divesting assets if required to do so. The presentation moved on to wholesale power supply and how energy choice would affect each NREA member. He presented an analysis of the cost to the members to exit their long-term contracts. Additional considerations for transitioning to energy choice would be alternative power providers' profit margin; transmission and retail wheeling costs (TBD); NREA's existing PPA divestiture/liquidation costs; and others, including automated meter infrastructure (if possible), billing software, and new regulatory oversight/compliance.

Mr. James fielded questions. Mr. Luttrell asked about the non-Nevada members' ability to provide service under energy choice. Mr. Luttrell also asked about how the original members came into existence. Mr. Luttrell ended his questioning with a discussion about the anticipation of aggregated load. Mr. Caudill asked about the ability to assign contracts. He also asked about the numbers presented by Mr. James and whether they were current prices. In response to a question by Mr. Hansen, Mr. James indicated that the number of federal contracts affecting the NREA would be small. Mr. Daboda asked if any tribes were associate with NREA. Mr. James indicated that that issue would be addressed by Deseret Power. Mr. Hutchison inquired about the \$1.5 or \$1.6 number and Mr. James confirmed that a lot could change in the contracts over time. Chair Settlemeyer questioned what non-Nevada suppliers of energy to Nevada customers existed.

Chair Settlemeyer moved onto Item No. 4(a)(ii), which was a presentation by Clay MacArthur, Vice President of Deseret Power Administration.

The presentation summarized Deseret Power's operations, structure, and power resources. It is an electric cooperative. Mt. Wheeler is the parent company to Deseret Power. He discussed the service area of Mt. Wheeler Power, a comparison of utility structures, and residential rates. The presentation moved on to the impact of stranded costs. He asks that the Committee grant the cooperatives "freedom of choice" through the board members as to whether or how to participate in the energy choice initiative.

Mr. MacArthur fielded questions. Mr. Luttrell asked about energy constraints in eastern Nevada with regard to transmission systems. Mr. MacArthur indicated that eastern Nevada is Mt. Wheeler's most expensive load. Mr. Caudill inquired about how the cooperative is regulated and legislated differently. The board becomes the regulator. With regard to transmission, Mr. Hansen asked about the load base and transmission. Mr. MacArthur says that transmission will be dependent upon the market design. Mr. Hutchison inquired further about the assignability of some of the long-term contracts.

Chair Settlemeyer moved onto Item No. 4(a)(iii) and (iv), which was a presentation by Celeste Schwendiman, Power Account Executive, and John Williams, Constituent Account Executive for Bonneville Power Administration (BPA), a non-profit company.

Mr. Williams began the presentation about BPA, its service area, and how it delivers power in a wholesale energy market. He discussed the deregulation process in the late 1990's, and providing energy after 2001 in a wholesale energy market.

Ms. Schwendiman discussed power supply from BPA (hydro power). She discussed the long-term contracts which bind BPA.

Mr. Williams and Ms. Schwendiman fielded questions. Mr. Caudill asked about termination provisions of BPA's agreements. Ms. Schwendiman does not think that the contracts have termination provisions. She thinks it would be a long process to terminate a contract. BPA is only allowed to provide power in a specific geographic area. BPA's power is mostly renewable. Mr. Luttrell sought to clarify issues of generation and transmission by BPA. Mr. Daboda asked about the consistency of hydro power over the years. Mr. Williams explained the "critical water year" which is the minimum amount of power able to be produced. Mr. Hutchison requested information on BPA about the costs to serve rural areas. BPA cannot answer that question without knowing the future design of the energy market. Mr. Hutchison asked about the costs associated with terminating BPA's long-term contracts. Mr. Williams explained that the long-term contracts serve to keep rates guaranteed.

Chair Settlemeyer moved onto Item No. 5, which was a presentation by Jayne Harkins of the Colorado River Commission.

Chair Settlemeyer noted that some committee members had to leave the meeting for other obligations, but that there was still a quorum.

5. Presentation: Jayne Harkins and Colorado River Commission (CRC) (Discussion):

Ms. Harkins, Executive Director, spoke about federal hydropower contracts and how they work, and contract services provided by CRC (a Nevada state agency). The federal contracts are long-term with limited termination provisions. The Hoover contracts have no termination provisions due to federal authority. If the contracts were given up, the CRC might have little ability to get the contracts back. Regulations require public, transparent process for reallocation. State Contractors begin Oct. 1, 2017. The long-term contract was assigned by Congress.

Ms. Harkins fielded questions. Mr. Hansen inquired about how residential customers could benefit from CRC's position with regard to energy choice. Ms. Harkins doesn't know. The CRC is still trying to understand the potential change in how it does business. Mr. Hutchison inquired about CRC's stranded assets. Ms. Harkins doesn't believe that the CRC would have any. Mr. Daboda asked about how climate change might affect the future of the dams. The CRC is working on drought contingency plan, and agreements with Mexico. Mr. Luttrell asked about transmission assets and whether those would be excluded from a load-based transmission system. Ms. Harkins hadn't contemplated that and would have to get back with the Committee. Mr. Caudill asked about CRC's contracting directly with the State of Nevada. CRC contracts with Dept. of Corrections and Dept. of Transportation. He asked about assignment of contracts in the absence of the current providers of electricity.

Chair Settlemeyer moved onto Item No. 6, which is public comment.

6. Public Comment.

Chair Settlemeyer 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. There was no public comment.

7. Adjournment. (For Possible Action)

Chair Settlemeyer thanked all for their participation and attendance, and adjourned the meeting.