



GOVERNOR'S OFFICE OF ENERGY
MINUTES
Committee on Energy Choice

October 17, 2017

Technical Working Group on Energy Consumer & Investor Impact:
Divesting Assets & Investments

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

Legislative Counsel Bureau
401 South 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 Settelmeyer. The agenda item was opened up for roll call and a quorum was confirmed for the committee.

The following Members were present:

Members Present

James Settelmeyer – Las Vegas
Erik Hansen – Las Vegas
Mark Hutchison – Las Vegas
Joe Reynolds – Carson City
Paul Caudill (via telephone)
Rosalie Bordelove (AGO) (via telephone)

2. Public Comment and Discussion:

Chair Settelmeyer 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 Settelmeyer 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 Settlemeyer opened up for public Agenda Item No. 3 asking if any members of the Committees had any corrections. Lt. Gov. Hutchison moved to approve the minutes, and Mr. Hansen 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: Mark Warden, Senior Attorney, NV Energy – NV Energy’s Long Term Contacts:

Chair Settlemeyer moved onto Item No. 4(a)(i), which was a presentation by Mark Warden, Senior Attorney, NV Energy. Mr. Warden presented his professional background.

NV Energy’s expectation is that any Energy Choice legislation should allow NV Energy to honor its contractual commitments and avoid creating circumstances that would damage the reputation of the State of Nevada or NV Energy or harm its counterparties.

Discussion of Energy Choice Impacts on Long-Term Agreements.

- Long-term service agreements.
- Long-term power purchase agreements. No Contractual Right to Terminate Power Purchase Agreements.
- Discussion of possibility of assignment of contracts.
- Discussion of Gas Transportation and Storage contracts.
- Discussion of other agreements and timing for restructuring.

Summary:

- Termination
 - Two long term service agreements can be terminated for convenience with a fee.
 - The power purchase agreements and natural gas transportation and storage agreements do not provide for a termination for convenience. The power purchase agreements total approximately \$6.7 billion. The gas transportation agreements with four pipeline companies are worth approximately \$468 million
 - It may be possible, but unlikely, to buyout and terminate the agreements for a fee.
 - Cost to terminate long-term service agreements would be about \$9 million.
- Assignment:
 - Assignment only with consent of the counterparties.
 - Assignment without consent to a utility company providing retail electric service in Nevada. A utility company in Nevada today is an entity that holds a certificate of public convenience and necessity and is regulated by the PUCN pursuant to NRS 703 and 704. A retail energy provider in an Energy Choice marketplace would likely not qualify as a utility under the law as presently constituted.

- Assignment to a counterparty that meets a minimum credit rating.
- Four power purchase agreements are silent on assignment.
- Assignments may require payments to compensate counterparties for a change in risk profile of their counterparty or lower market prices than remaining contract value.
- Important:
 - Any Energy Choice legislation should allow NV Energy to honor its contractual commitments and avoid creating circumstances that would damage the reputation of the State of Nevada or NV Energy or harm NV Energy or its counterparties.

NV Energy can't understand the stranded costs until it knows who the participants will be and what the new market will look like.

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

5. Update from Committee on Energy Choice (CEC) staff on the progress of the CEC's request to the Public Utilities Commission of Nevada (PUCN) to open an Investigatory Docket.

Ryan Cherry presented a status update on the Committee's request for PUCN to open an investigatory docket. On September 13, 2017, the full committee voted to have PUCN to open an investigatory docket to investigate issues of public importance regarding the pending Energy Choice Initiative and the possible restructuring of Nevada's energy industry. On October 2, 2017, PUCN opened docket 17-10001. Written public comments due on December 8, 2017, and reply comments are due December 29, 2017. A Workshop will be held on January 9, 2018. PUCN's website is located at <http://puc.nv.gov/>, and the docket can be tracked at <http://puc.nv.gov/Dockets/Dockets/>.

There being no questions, Chair Settlemeyer closed agenda item No. 5 and moved to Item No. 6 on the agenda.

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.

In Carson City, Fred Voltz wanted to know how long the rate payers be liable for paying costs associated with the move to Energy Choice. He would like specific costs to be revealed in PUCN's docket 17-10001.

No one came forward for public comment in Las Vegas.

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

7. Adjournment.

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