NEW ENERGY INDUSTRY TASK FORCE

FINAL RECOMMENDATIONS
MARCH 26, 2013

Amendments to Statutes

1. *Recommendation:* Amend NRS 701 to require that all providers of electric and gas service in Nevada report goals, programs and status updates annually to the Office of Energy.

   Background: NV Energy is required to comply with the portfolio standard pursuant to NRS 704.7821, as they are the only utility considered to be a "provider of electric service that is a public utility". As such they submit annual reports to demonstrate compliance with the portfolio standard pursuant to 704.7825. Currently, NSOE requests basic information regarding energy consumption from all of the electric utilities and the gas utilities in the state in preparation of the annual Status of Energy report pursuant to NRS 701.160.

   Conclusion: The Task Force was in agreement that the State should work towards the establishment of statewide goals. The details need to be clarified as to what will be required and through what mechanism this will be addressed.

   Approved: December 19, 2012
   Vote: Task Force approved unanimously
   Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

2. *Recommendation:* That that 2.4 multiplier to solar REC's be clarified in NRS 704.7822 so that it is clear that it is for net metered systems only and that the multiplier be reduced over time to 1.0 by January 1, 2016. Existing systems of all sizes should be "grandfathered in".

   Background: PV has become significantly more price competitive since the legislation was created. Additionally, several projects "behind the meter" that were larger than 1 Megawatt received the 2.4 Renewable Energy Credit multiplier.

   Conclusion: While the 2.4 multiplier assisted solar PV developers by providing a more cost competitive product to help meet the state's goals, it has reduced the amount of projects that can participate in helping the utility meet its portfolio standard. Since solar PV has become much more cost competitive with other renewable energy systems, the Task Force was in agreement that the 2.4 multiplier for solar REC's should be reduced and eliminated over time.

   Approved: December 19, 2012
   Vote: Task Force approved unanimously
   Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

3. *Recommendation:* That NRS 701A.340 be amended to allow geothermal projects to be considered on equal footing when applying for renewable energy tax abatements.

   Background: Geothermal project developers are currently required to get county approval to be eligible for property tax abatement, when other renewables are not.

   Conclusion: Geothermal energy is an important component of the State's energy portfolio and is an attractive energy source for export to other western load centers. As such, this technology should be given the same opportunity to receive property tax abatements.

   NRS 701A.340 is hereby amended to read as follows:
   701A.340 1. "Renewable energy" means:
   (a) Biomass;
   (b) Fuel cells;
   (c) ***Geothermal energy;***
   (d) Solar energy;
   [(d)**]** ***(e)*** Waterpower; or
   [(e)] ***(f)*** Wind.
   The term does not include coal, natural gas, oil, propane or any other fossil fuel **[**, geothermal energy**]** or nuclear energy.

   Approved: December 19, 2012
   Vote: Task Force approved unanimously
   Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

<u>Recommendations to the Public Utilities Commission of Nevada</u>

1. *Recommendation:* That the Public Utilities Commission of Nevada open an investigatory docket, in consultation with NSOE, to evaluate the methodology used in the NV Energy Large and Small Standby Riders (LSR and SSR) to determine, for both traditional bundled customers and time of use customers, how the calculation is done, what the cost is to customers and if modifications to the LSR and SSR tariffs are needed. This should also include an evaluation of whether the peak power triggers need to be modified.

   Background: The Task Force received a presentation on how the Large and Small Standby Riders were structured, but it was unclear as to how these Standby charges impact customers who may want to install generation systems on their side of the meter (co-generation systems, etc).

   Conclusion: There could be an opportunity to support innovative energy strategies that can reduce a customer's peak power requirements and provide economic development incentives (or removal of disincentives) if structured appropriately to account for adequate standby charges.

Approved: December 19, 2012
Vote: Task Force approved unanimously
Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

2. *Recommendation:* That the Public Utilities Commission of Nevada open an investigatory docket, in consultation with NSOE, to evaluate the impact, costs, and benefits of shifting the compliance cap for net-metered systems from 2% of name plate power (MW) to 2% of peak energy capacity (MWh).

   Background: The impact of net metering has been studied by the utility. The report should a wide range of scenarios that could accommodate a wide range of net metered systems on the grid without great impact.

   Conclusion: Evaluating the impacts of basing the net metering cap on peak energy capacity, and tying net metered projects to an energy target versus a power target would ultimately allow additional net metered systems to be included under the cap and provide a more realistic account of the system usage.

   Approved: December 19, 2012
   Vote: Task Force approved unanimously
   Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

3. *Recommendation:* That the Public Utilities Commission of Nevada open an investigatory docket, in consultation with NSOE, to investigate the ability of NV Energy customers to purchase renewable energy from utility scale renewable projects or mechanisms on the utility side of the meter and remain a bundled customer of the utility including, but not limited to:

   Green Tariffs
   Virtual Net Metering
   Community solar programs

   The investigation should evaluate the costs and benefits of net-metered systems to the grid.

   Background: Electric utility customers may be interested in purchasing and using renewable energy but could be restricted on the options to allow them to do so. If for example, a home owner does not have the roof size, orientation or the land area to accommodate a solar PV installation, the State should consider options to allow them to purchase renewable power off-site.

   Conclusion: Utilize best practices from other utility programs that provide additional opportunities to take advantage of renewable energy systems.

Approved: December 19, 2012
Vote: Task Force approved unanimously
Notes: The Advisory Committee approved the motion, with the exception of Dan Jacobsen who voted against the motion. Advisory Committee members John Candelaria and Commissioner Wagner abstained.

4. *Recommendation:* That the Public Utilities Commission of Nevada open an investigatory docket, in consultation with NSOE, to consider the economic effects of resource exchanges and sharing arrangements with neighboring states. In its consideration of economic effects, the Commission should take into account Nevada ratepayers, utility shareholders and the public.

   The term "resource exchanges and sharing arrangements" means the sharing of conventional and renewable resources between balancing authority areas for situations where it makes economic sense for both balancing authority areas to do so. This also includes building transmission to facilitate such purposes.

   Background: In its 2010 Integrated Resource Plan, NV Energy demonstrated the economic benefits to retail customers in Nevada of conventional resource sharing between Sierra Pacific Power Company and Nevada Power Company's electric systems. It used this benefit analysis to justify approval of the ON Line Transmission Project. The benefits identified in the analysis included:

   - Dispatch optionality
   - Uncorrelated variability
   - Load diversity –reduction in planning reserve margin requirement
   - Shifting peak
   - Optimization of Gas Transportation assets
   - Optimization of regional market purchases
   - System reliability benefits
   - Improved ability to accommodate variable energy generation
   - Protection against conventional fuel source uncertainty
   - Protection against carbon and greenhouse gas uncertainty
   - Fuel scheduling

   These same resource sharing benefits potentially exist between Nevada and utilities in neighboring states.

   Conclusion: The utility ratepayers and shareholders as well as the general public of Nevada could benefit economically from mutually beneficial exchanges with neighboring states. The PUCN should conduct studies to determine the impacts and if such benefits exist.

   Approved: March 26, 2013
   Vote: Task Force and Advisory Committee members approved unanimously

5. *Recommendation:* That The Public Utilities Commission of Nevada ("PUCN") exercise its authority pursuant to NRS 704.741(2)(b) and open a rulemaking docket to revise the renewable energy zones designated in NAC 704.880. The PUCN should consider new information and data that has become available since it designated the renewable energy zones in late 2009. Sources for new information and data include, but are not limited to, the following:

   - The Strategic Plan for Conservation of Greater Sage-Grouse in Nevada
   - The Western Renewable Energy Zone process (Western Governors' Association)
   - Solar Energy Development Programmatic Environmental Impact Statement process (US Department of Energy and US Department of Interior)
   - Desert Renewable Energy Conservation Plan (State of California)
   - California Renewable Energy Transmission Initiative (State of California)
   - Local, State and Federal agencies (US Department of Defense, US Department of the Interior, Nevada Department of Wildlife, Clark County Multiple Species Habitat Conservation Plan, etc)

   The Commission should also consider similar efforts that have occurred in other states as guidance for its process (Arizona Restoration Design Energy Project).

   The Commission should develop a definition to clarify or define transmission constraints. It is unclear if the constraint is related to the lack of transmission or the lack of transmission capacity or both.

   If feasible, the Commission should consider identifying areas that have adequate transmission and are renewable energy resource rich in order to draw a distinction from the renewable energy zones as defined by the statute.

   Background: Assembly Bill 387 ("AB 387") was enacted in 2009 and directed the PUCN to "designate renewable energy zones and revise the designated renewable energy zones as the Commission [PUCN] deems necessary." (NRS 704.741(2)(b).) The term "renewable energy zone" is defined as "specific geographic zones where renewable energy resources are sufficient to develop generation capacity and where transmission constrains the delivery of electricity from those zones to customers." (NRS 704.741(5)(b).)

   Pursuant to the directive to designate renewable energy zones, the Commission opened a rulemaking docket designated as Docket No. 09-07011 and on December 21, 2009, the PUCN adopted regulations designating renewable energy zones. The regulations are codified in NAC 704.880.

   The designated renewable energy zones were adopted from the work conducted by the Nevada Renewable Energy Transmission Access Advisory Committee ("RETAAC").[1] The purpose of RETAAC was to "propose recommendations for improved access to the grid system by which renewable energy industries can set up and have market access in Nevada and neighboring states."

[1] RETAAC was convened by Governor Gibbons pursuant to an Executive Order and consisted of two phases. The findings of RETAAC are contained in the Phase 1 Report (December 31, 2007) and Phase II Report (July 1, 2009).

Conclusion: Assembly Bill 387 ("AB 387") was enacted in 2009 and directed the PUCN to "designate renewable energy zones and revise the designated renewable energy zones as the Commission [PUCN] deems necessary." (NRS 704.741(2)(b).) The term "renewable energy zone" is defined as "specific geographic zones where renewable energy resources are sufficient to develop generation capacity and where transmission constrains the delivery of electricity from those zones to customers." (NRS 704.741(5)(b).)

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Approved: January 16, 2013
Vote: Task Force and Advisory Members approved unanimously
Notes: Advisory Committee Member Commissioner Wagner abstained

Additional Recommendation to the Task Force Chair

Recommendation: In crafting the State Energy Plan per NRS 701.190, the NSOE should investigate the possibility of requiring versus encouraging renewable energy, energy efficiency and sustainability education in Nevada school curriculum. The NSOE should undertake a discussion regarding the benefits, authorization and incentives for the primary and secondary schools for doing so, the scope of and sources available for the renewable energy programs. This should be done in conjunction with the Governor's Office of Economic Development in regards to the State Plan for Economic development and supporting this sector.

Background: Currently the K-12 and the University systems offer certain clean energy curriculum at various age and competency levels. While both systems value these programs, there is no incentive to make this a basic part of the curriculum and therefore, it may be inconsistent among schools, grade levels and degree programs.

Conclusion: The State should undertake a discussion regarding the benefits, authorization and incentives for the primary and secondary schools for doing so, the scope of and sources available for the renewable energy programs.

Approved: December 19, 2012
Vote: Task Force and Advisory Members approved unanimously

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