



GOVERNOR'S OFFICE OF ENERGY

MINUTES
New Energy Industry Task Force

March 22, 2016

The New Energy Industry Task Force (NEITF) held a public meeting on March 22, 2016, beginning at 9:10 AM. at the following location:

Paul Laxalt Building
401 N. Carson Street
Carson City, Nevada 89701

The meeting was also available via videoconference at:
Grant Sawyer State Building
555 East Washington Avenue, Suite 5400
Las Vegas, NV 89101

1. Call to order and Roll Call: The meeting was called to order at 9:10 AM by Chairwoman Angela Dykema. The agenda item was opened up for roll call and a quorum was confirmed.

The following Task Force Members were present:

Task Force Members

Task Force Members Absent

Angela Dykema, Chair
Beth O'Brien, Member (via teleconference)
Danny Thompson, Member
James Oscarson, Member (in Las Vegas)
Jeremy Susac, Member
Josh Nordquist, Member
Kathryn Arbeit, Member
Kyle Davis, Member
Mathew Tuma, Member
Patricia Spearman, Member
Starla Lacy, Member
Tom Ewing, Member

2. Introductions: Chair Dykema asked each member of the Task Force to introduce themselves and give a brief summary of who they are and their connection to Nevada.

Kathryn Arbeit introduced herself as the Regional Director for Project Development for First Solar. She has been with First Solar for about nine years and works with utilities and solar development. Ms. Arbeit provided a brief summary of First Solar's projects and accomplishments in Nevada.

Jeremy Susac stated that he runs Government Affairs for Lennar Corporation, one of America's largest homebuilders. Lennar Corporation also uses solar as a compliance tool to bring down the cost of housing.

Josh Nordquist is the Director of Business Development for Ormat Nevada. He stated Ormat is a renewable company operating for over 30 years and it is an active geothermal developer in the state along with operating just over 200 megawatts of geothermal power plants inside the state.

Kyle Davis introduced himself as a consultant based in Reno, Nevada working on energy and conservation issues. He will serve on this Task Force as the environment and public lands representative.

Starla Lacy is the Vice President of Environmental Safety and Land Resources for NV Energy and has been a resident of Nevada for the past ten years.

Senator Patricia Spearman stated she represents Senate District 1 in North Las Vegas and is interested in this committee because she has spent the last four years looking into energy policies around the world. She has an interest in making sure Nevada takes advantage of all the renewable resource opportunities available in the state.

Mathew Tuma is the Natural Industry Specialist for the Governor's Office of Economic Development.

Tom Ewing introduced himself as the president of GSL Electric and he is representing Associated Builders and Contractors in Reno and Las Vegas.

Danny Thompson stated that he is the Chief Executive Officer of the Nevada AFL-CIO and has served in the Legislature for ten years and has been their Chief Lobbyist for the past 26 years.

Beth O'Brien is the Manager of External Affairs for Pattern Energy. They own and operate energy facilities across North America, including Nevada.

James Oscarson stated that he has been in the Nevada Assembly for two terms and represents about 26,000 miles of rural Nevada.

Chairwoman Dykema thanked them all and closed this agenda item.

3. Public Comment and Discussion: Chairwoman Dykema moved on to Agenda Item No. 3, before opening Public Comment she stated that they would be collaborating with community

partners to develop an outreach effort that will provide more opportunities for public input in dialogue on specific issues. She noted that for purposes of this meeting, members of the public may comment on any matter posted on the agenda before the Task Force for consideration or action. Chairwoman Dykema asked if anyone from the public sought to make a comment on the matter.

Charles Swackhammer made a comment on the PUCN's new rule in regards to allowing NV Energy to take clean electrical energy from their customers and sell it to their neighbors at a 300% markup. He stated the PUCN has cost the state its reputation for being a leader in clean energy and cost plenty of jobs. He stated this is not a time to stand in the way of transition to renewables, but to help it along as quickly as possible.

David Vonseggern stated that he represents the Toiyabe Chapter of the Sierra Club. Mr. Vonseggern said Nevada has so much clean energy potential that we could easily meet all of our energy needs with solar, geothermal and wind resources that we can also export to other states like California. This is among the things he would like to see this Task Force address. Carbon emission reductions and compliance with the Clean Power Plan are other items the Sierra Club would like to see the Task Force address. He would like to see access to clean energy for low-income Nevadans become a priority to enable them to reduce their energy bills through direct energy efficiency assistance to homeowners and owners of rental units serving those communities. He stated the Sierra Club hopes this Task Force will outline a broad, bold, and achievable plan for making our state a leader in that transition.

Lisa Jacobson, the President of the Business Council for Sustainable Energy (BCSE), commended the Governor for joining the Governor's Accord for a New Clean Energy Future and the formation of this Task Force. She stated there is tremendous opportunity for clean energy jobs and clean energy growth in the state and that the BCSE would look to join and participate in the process.

Public comment continued with Las Vegas:

Louise Helton, the owner of 1 Sun Solar Electric in Las Vegas spoke on rooftop solar. She stated this has always been a difficult industry and there have been numerous difficult policies. She spoke of her personal experience with roof top solar and the rebate process and how when things were starting to open up, Senate Bill 374 was enacted. Ms. Helton wanted to make sure the Task Force understood that any decisions that have been made by the Public Utilities Commission have made a dent in the solar business.

Jane Feldman spoke as a solar homeowner in Las Vegas and gave her personal experience regarding net metering and rooftop solar. She stated she pays all the fees and all the charges that every other residential customer pays and according to a study, she does not shift the burden to non-participating customers. She asked for clarity and certainty in their home energy bills and for things to become simpler, clearer, and easier to understand.

Bruce Rogol is a partner in Robco Electric, a rooftop solar installer and C-2 contractor. He described the growth of their business and then the cuts that occurred after Senate Bill 374 was passed. He provided a brief history of net metering and the interpretation the Public Utilities Commission is providing. He stated we have the worst reputation in the United States for net

metering and that the industry has been destroyed. He has been teaching solar for eight years in Southern Nevada, and has trained over 2,500 licensed installers, and now there are no jobs for any of those people. He thinks that the Public Utilities Commission has exceeded their authority, bounds, and they did not follow guidelines as set forth in 374. He would like to see the Legislature take another look at it.

Scott Shaw, the Director of Commercial Development for Go Solar, gave an overview of the growth in their business and then the cut backs due to the Public Utilities Commission's decision. He asked the Task Force to develop an appropriate energy policy that Nevada can depend on.

Judy Treichel spoke as a homeowner with rooftop solar. She reviewed the decision process to install rooftop solar and how an increase in home values weighed on their decision.

Loretta St. John spoke about Warren Buffett's letter to Berkshire Hathaway shareholders. She also stated that NV Energy is being unfair to solar users without any regard to fairness to anyone or the protection of the environment.

Dr. Marlene Adrian stated she believes the Public Utilities Commission has ruled unfairly for the citizens of Nevada in refusing to grandfather the original net metering contracts and to honor those contracts.

Caitlin Gatchalian thanked the Task Force for having an open meeting with open comment. She said Nevada should be the leading state in at least solar energy since we have sun almost every day. Ms. Gatchalian also stated that we need to make clean renewable energy accessible to anyone and everyone.

A.J. Buhay, a Community Organizer with Plan for the Progressive Leadership Alliance of Nevada, stated that she was going to convene and present the goals that have been laid out for the Public Utilities Commission and the Governor's Office of Energy. She asked that previous public comments made under previous public hearings still be taken into consideration. She urged the Task Force to move towards climate justice because Nevada lives are at stake.

Monica Brett stated that Senator Patricia Spearman is a great resource and that she thinks it's very important when making policy decisions to look at the information and research the views as well as make good use of the public and other resources.

Bill Max Carter stated that we had good, steady, subsidized growth in the rooftop solar industry when all of this started. Mr. Carter said we don't need to create a system that rewards out-of-staters and we need to make sure that there are assurances that locals benefit from.

Chair Dykema thanked them all and closed this agenda item.

4. Review of NRS 701.500, Governor Sandoval's Executive Order 2016-04, and the Governor's Accord for a New Energy Future: The Chair opened agenda item number 4, which is a review of NRS 701.500, which is the statute that defines the New Energy Industry Task Force role and makeup, the executive order issued by Governor Sandoval convening the task force as well

as the Governor's Accord for a New Energy Future. Chair Dykema then introduced the Governor's Chief Strategy Officer, Dale Erquiaga to speak.

In his presentation, Mr. Erquiaga said, it is my pleasure to be here on behalf of Governor Sandoval. We've heard a lot of public comment about why you're here and what you ought to do and everyone's hopes and dreams. I imagine that if there had been public comment at the Constitutional Convention in the 1780s, it would have sounded a lot like that. So let me set a stage for what you are really here to do and what the statute asks you to do as I go through these documents. First, I want to say that you heard a lot of testimony about the clean and renewable energy environment and industry sector in our state, and I want to reiterate this Governor's support for clean and renewable energy. I think he has demonstrated that throughout his term, and he has done so not just with the incentives and grants and loans made possible through the Governor's Office of Energy. Those total some \$467 million incentives in the last seven years roughly. But he's also done so through the work of the Governor's Office of Economic Development, which has also provided support for new and emerging energy industry within our state. And you see today that the Governor's Office of Economic Development is in fact represented on this task force, and that is for good reason. The Governor sees this issue not just as sort of a right thing to do for our environment and clean air and clean water, but there's also an economic imperative for our state. We do have great opportunity in this sector to grow Nevada companies and welcome new companies here, and that balances with the fact that it is the right thing to do for our environment. And so this administration has pursued both policies and will continue to do so for the next almost three years that the Governor is in office. The Governor has consistently and recently made it clear that he would like to do more. You've heard reference to the Clean Energy Accord, which Governor Sandoval and 16 other state chief executives signed in February.

You have in front of you the statutes that create and delineate this task force's membership and its sole responsibility. By law, nine of the seats are prescribed, and so nine of you sit in a specific seat. You are here for a specific industry or sector purpose. The additional three seats are left at the discretion of the director of the Governor's Office of Energy, who serves as Chair. She is the ninth member of this body. The Governor, in working with the Chair, requested that, as I said, first economic development have a seat and then that two legislators have a seat. I will tell you that is unusual to have legislators sit in an executive branch entity giving advice to the executive. It happens. Sometimes it happens via statute, but it is fairly rare, but we are honored and pleased that the two legislators, you will note representing both political parties and both houses of the body, have joined us. They are experts in this field, and we know that their voice will not only contribute to the debate, we will be counting on them in the legislative session to come when this debate continues.

So I ask you to look at NRS 701.510, Subsection 1. "You shall advise the director." That is why you are here. You are not, with due respect, the Public Utilities Commission. You will not conduct a rate hearing. That's not your job. You exist to advise the director on the issues that she and the Governor have set before us on being on this task force. We need your advice. You've heard this is a complicated sector of our economy, and I won't say more today because it's complicated area of law, and so we are making use of the statutory framework to draw together a panel of experts, yourselves, to provide advice to the director. So we look forward to that advice.

This entity, by executive order, has been charged with three tasks. So let me talk about those three tasks. You heard public comment mentioned. In the order asking that this task force be reconvened, the Governor really gave you three charges on which you are to give advice: how to encourage the development of clean energy sources and integrate renewable energy technologies into Nevada's energy sector, how to create a modern, resilient and cost-effective energy grid, and how to support distributed generation and storage with a specific focus on rooftop solar and net metering. As the Chair will elaborate in a few minutes, you will be assisted in that work by the Technical Advisory Committee.

It is the Chair's intent with the support of the Governor to appoint three Technical Advisory Committees, one for each of the three charges set before you. Those groups will be as diverse as you are, drawn from the field from many different kinds of experts to provide technical advice. They will meet. They are subject to the Open Meeting Law because they are convened by the Chair of this body, and so they will meet in public meetings, and then they will give you technical advice. You will use that advice to frame recommendations as you give your advice onto the director.

So now those of you who would like homework assignments and deadlines, let me give you a couple of deadlines. First of all, your work has to be done by September 30th. The Governor needs this information as does the Legislature in time for the session and in time for the preparation of the executive budget. So while we all love you dearly, you are not meant to be here with us for the remaining three years. We have some urgent policy meetings that we need your advice on, and so you have a deadline of September 30th. And the Chair will lay out, I think, a schedule for you. More importantly, your first deadline is June 1st. Bill draft requests are due to the Executive Office of the Governor by June 1st so that he can review those bill draft requests and decide which will be forwarded to the Legislature from his administration. By law, the Governor is limited in how many bills he can introduce, so he must balance the need for bill draft requests in clean and renewable energy policy with education and health and human services and public safety and all of the other areas within his responsibility. So your first assignment through your technical advice committees is to think quickly about what legislative changes may be necessary in order to carry out the three charges of this from a policy perspective. You can give that -- your Technical Advisory Committees will give you those recommendations, I think, in May. You in turn will then recommend to the director what she will literally enter into a computer system. We are driven by systems in the executive branch, and so that information has to be entered by June 1st. That's just the way the system operates, so we will continue to stress some urgency around legislation. Then you can take until September to talk about all kinds of other issues that are not legislative. But we will also ask our friends at the Legislature to perhaps help us if we run out of bill drafts and we need more in time for the session. So that's the framework that I hope you will think about.

So let me talk for a moment about the Energy Accord. Governor Sandoval and other governors who signed this document worked for many months on the language. He has been active in energy policy and clean air and clean water policy both as they relate to energy and in their own right since he took office. And so working with other executives from around the states, he agreed to the Clean Energy Accord which was released, as I said. My advice to you, as you give advice, is to think about the Energy Accord as kind of a touchstone document to which you can return. When you are here in May and July and September and your heads hurt because you have received all of

this technical advice and you have received all of this public comment, please refer back to that document. It is for us and the administration a touchstone. It's what we are trying to accomplish. It represents the things we believe.

So let me talk briefly about the three areas and the requests that we have of you for your advice. The first item expressed in the executive order is clean energy sources, as also in the Energy Accord. You'll hear today about the federal EPA rule or regulation requiring a Clean Power Plan, and you'll hear a lot about the Clean Power Plan. Governor Sandoval did not join in the state lawsuits to block that rule and regulation. He did not because he was assured by his PUC and by NV Energy and by the Division of Environmental Protection that Nevada was really on a trajectory towards compliance with the carbon emissions standards required in the Clean Power Plan, and so we did not sue. Others did, and so the United States Supreme Court has imposed a stay on that rule or regulation. It means that we don't know what the final rule will be. And so it's our view that simply giving advice on how to comply with a rule that is perhaps changing is not the wisest course. We agree with some of the public comments you've heard. This is really about Nevadans and our future, and so we don't just want an EPA compliance document. We want a Nevada recommendation for what clean energy sources can look like in the future of our state.

The secondary of the executive order is about modernizing the energy grid. This is included in the order in part because it's so important to all of the other work, but also because the Office of Energy has a grant that can assist you in the work and that you in turn can assist the Technical Advisory Committee to that grant. It's very similar to the established work plan laid out in the energy markets and planning program grant that you will be asked to look at as you go through this. We have sort of a roadmap in this case that we are to follow for the National Association of State Energy Officials and the U.S. Department of Energy, so we're asking that you help identify key energy sectors and how trends and emerging technologies are affecting our state's energy infrastructure.

And then lastly, this third part of the executive order that always gets the most attention and did of course today in public comment, distribution, generation and storage. As I said, you're not the PUC. The decision has been made. It's subject to judicial review, and we're not asking you to participate in the review of that decision, except we do want some advice.

The Governor has said after the PUC ruled, which is appropriate for an executive to wait until the judicial body has completed its work, the Governor said he would have preferred guidance for protecting the rates, if you will, of what people have come to call the grandfathered customer, those already existing net metering customers. And so we believe that there's probably a legislative solution needed there to say yes, there is a rate class rather than the bill which said that could be a rate class. But again, in this instant matter, we'd like you to move beyond that decision, and we'd like you to talk about the future of distributive generation and storage in our state.

So I'll leave you with these thoughts. First, let me reiterate. Governor Sandoval and his administration, the State of Nevada are committed to clean and renewable energy in this state. We would like your advice on how to further demonstrate to the world markets that that is true. Let us be honest. Our state's reputation has been damaged. Rightly, wrongly, I don't care. Our

State's reputation in clean and renewable energy has been damaged. And so we'd like your advice on how we move beyond that and how we speak to the world markets about this state and its commitment and what opportunity there is here just as we also speak to and assist Nevadans in energy efficiency and adopting these new technologies. This is really cutting-edge policy, and so we'd like you to use your knowledge and provide it to the Director so she in turn can provide it to the Governor, always grounded in that Energy Accord and this administration's history. And then lastly, I just want to say this. I was struck this morning as I listened to the President in Cuba, as I drove to work, the President televised in Cuba was on the radio. Cuba has been closed virtually all of my life, and I was struck today by the President's phrase that, "It is a new day." And I think that we are facing that in energy policy. The portfolio of policy matters that I have at the Governor's Office, many of them are what I would call disruptive policy areas because they are grounded in disruptive technology. That's what you're faced with. We have these wonderful new technologies that are disrupting markets. You can see what that looks like. But remember, they are also disrupting how government operates.

So on behalf of the Governor, thank you for accepting the Director's request to serve with her on this task force. I trust that you will have great advice for her so that she can in turn give the Governor great advice. And I know, having met many of you previously, that the people of Nevada are in really good hands with you, the Chair, and your task force. So with that, Madam Chair, I hope I've provided you some overview about our expectations of you, and from the Governor's Office, I'll be happy to answer any clarifying questions.

Chair Dykema asked if there were any questions and Jeremy Susac commended Mr. Erquiaga for his presentation.

Senator Spearman commented on her interest in how the Task Force may come up with recommendations to create a long-term energy strategy that includes all of Nevada's resources.

Danny Thompson stated that he believes the state of Nevada will be a roadmap for other states and that there is great opportunity to set the example.

The Chair thanked Mr. Erquiaga and closed this agenda item.

5. Review of Open Meeting Law Requirements: Chair Dykema opened agenda item number 5. Deputy Attorney General Harry Ward had an emergency and couldn't be present so the chair moved on to agenda item number 6.

6. Overview of Nevada's Progress on the Clean Power Plan: The Chair moved on to agenda item number 6 and she invited Dave Emme to provide an overview of NDEP's progress to date on the Clean Power Plan.

Mr. Emme stated that there is a stay. There's a lot of uncertainty about it.

So what is the Clean Power Plan? It was a plan to reduce carbon emissions from existing fossil fuel, fire and electric generating units, power plants. And the goal was to reduce carbon emissions by 32 percent by 2030 based on a 2005 baseline. The rule, the final rule was published last fall in August.

It was immediately greeted with multiple lawsuits from 27 states, industries, utilities, and also states and others in advocacy groups that were supporting the rule. If the rule were upheld, Nevada would be asked to reduce its carbon emissions from a 2012 baseline by 22 percent on a rate basis or by 13 percent on a mass basis. And as I said repeatedly at meetings about the Clean Power Plan since last fall, Nevada's well positioned to comply. We have had forward-looking energy policy in the past. We have a renewable portfolio standard that helps, and most notably, SB 123 that required the retirement of our largest coal-powered power plant, which would dramatically reduce carbon emissions.

So what has NDEP done so far? We started with some planning efforts last fall. We held a stakeholder meeting at PUC, thought it was well attended. We held two meetings, one at the Pearson Center in North Las Vegas in January, and a follow-up meeting at the Evelyn Mount Community Center in Reno, both of which I think were well attended. So there's a lot of interest in this subject and particularly how it relates to the broader energy policy issues in the state in general. We did form a Technical Advisory Group and we met in February.

I think the direction that the Governor has said, that Dale described, we take a step back from the kind of wonky compliance pathway Clean Power Plan planning and take a look more broadly at clean energy planning for the state because as I mentioned, you know, we were in a position to comply with the Clean Power Plan. Why? Because we had forward-looking energy policy in the state already, and we had taken a number of steps to put us in a good position. So I think that's the direction we're heading from the Governor, from his staff, and I think it's what makes sense really, is there's so much uncertainty with the regulation, whether it will stand up, whether it would be changed in some way, that we just take a step back and focus on what makes sense for Nevada in terms of clean energy planning. We regulate emissions. That's primarily what we do in this field, but we are happy to assist and support the task force in any way we can.

The Chair asked if there were any questions and Kyle Davis thanked Dave Emme for what they have done so far in terms of public outreach on this issue.

Senator Spearman expressed her concern with relying on RPS and answering the question, what does RPS have to do with forward progress or energy strategy in 2050?

Mr. Thompson asked how does the 22 percent on a rate basis compare to the existing portfolio standard that is in place now?

Mr. Emme answered that with the Clean Power Plan, we're talking solely about reduction in carbon emission, CO2 emissions. With the renewable portfolio standard, it's electrical generation as a percentage of your total generation. The two things are related in that the more zero carbon energy we produce, the lower our carbon emissions will be. But in terms of those measures, it's a little bit apples and oranges.

Mr. Thompson asked again what is the comparison is if you take that standard 2025, where does that put us in compliance with this order?

Mr. Emme responded that positioning Nevada to comply with those carbon reduction requirements is what puts us ahead of some other states to a large degree.

Starla Lacy stated that the RPS was not going to be enough to comply with the EPA rule.

Mr. Thompson added that he was trying to understand what the difference is. He asked for a number that would be out of compliance if we take the RPS to its end point that's currently in the law. What is the number that we would be out of compliance given the current RPS.

Ms. Lacy said she didn't have the exact number with her but we were going to need a couple hundred more megawatts of solar.

Mr. Susac asked whether the stay relieves the Department from filing its state implementation plan.

Mr. Emme responded that it is a complete stay of implementation of the rule.

Seeing no other comments, Chair Dykema closed agenda item number 6.

7. Nevada Energy Infrastructure and Grid Modernization: The Chair moved on to agenda item number 7. She introduced Stephen Goss to provide an overview of the grant received by the Governor's Office of Energy to address energy infrastructure modernization along with a benchmark of where Nevada currently stands on these topics.

Stephen Goss began his presentation and said NASEO was formed by states in 1986 in order to approve the state energy program policies by facilitating learning along with state energy officials, serving as a resource for and about the state offices, and for advocating for state energy offices in Congress and through federal agencies. We are the only national non-profit organization with membership comprised of governor-designated energy officials from all 56 states and territories, and we engage our members through a variety of means. I think most importantly would probably be our annual meetings.

We have a very robust partnership which includes representatives from businesses, trade associations, non-profits, educational institutions and governments. And our affiliate partners are a valuable resource in their diversity of opinion on emerging energy issues, and in addition to this program work or offer a very unique opportunity for our affiliates to work and partner with state energy officials.

The E-MAP program was born out of this need that was identified by NASEO and by our state membership to create a more comprehensive way of looking at these emerging and inter-related issues and opportunities. So we partnered with the Department of Energy's Office of Electricity in order to create an E-MAP program. And essentially, the goal of the program is to assist state energy offices in its challenges to develop some technical approach as they begin to incorporate, design programs and policies that essentially maintain and promote economic growth in an ever rapidly

transforming system. So under E-MAP, we selected three state energy offices to participate with our pilot state. These states are Michigan, Virginia and Nevada. And the states were selected to participate in an 18-month state-led electric system modernization and roadmapping process which essentially will take a comprehensive view across the electric system in the state to select a holistic strategy for how state energy offices can approach the interrelated issues throughout a policy and program design approach.

Some of the efforts that we'll be engaging in with the Governor's Office of Energy will include, as you can see under Path 1 which we've already gotten well under way, identifying a project team and the stakeholder group which leads to why NASEO was so eager to be so involved with the kickoff meeting of the task force.

Path 2 will be engaging the state energy system based on assessments. And essentially, what this will be is the Governor's Office of Energy and NASEO that will be working closely to analyze and identify key energy sectors, trends, emerging technologies including disruptive technologies and system interdependencies and opportunities. We're hoping to create this baseline assessment that we can essentially use to inform the stakeholder community in Task 3. And by doing so, we're hoping to do more than just provide updates on the progress of this project. We're also hoping that by engaging you all, we can identify additional areas of interest, additional system interdependencies and any gaps in our research, as well as best practices and lessons learned that can really inform the process of the project moving forward and helping us to design this more holistic, flexible approach for so many issues that exist within the state.

And then we move on to Task 4, session action planning. This is essentially a culmination of the work that we will have done to this point. What we'll be doing is synthesizing all of the previous work we've done, the baseline assessment, the work and information that we've gleaned from working with all of you, and then we'll also be trying to include some maybe strategies and draft goals and targets and potential next steps and ways to address some of the issues and problems in a more holistic way as we identify throughout the process.

And then finally, Task 5 is simply a roadmap dissemination. And this touches on a number of things.

Essentially, an ongoing goal of the E-MAP project after Nevada completes their roadmapping process is to create what is called an E-MAP toolkit and training module, and this will be a collection of information that we gathered from all three piloted states. It will not only be their roadmapping documents and baseline assessments, it will be their best practices and lessons learned, the challenges they faced, and any gaps with stakeholders will go into informing this overall package that we will be making available to all of our members in order to serve as a model for any other states that are interested in embarking on a similar roadmapping process.

The Chair thanked Mr. Goss and continued on to Starla Lacy's presentation.

Starla Lacy said what we want to talk about today is give you sort of a baseline of the existing infrastructure that has been in place in our state from a transmission perspective.

If you look at our current generation portfolio, take this snapshot today and you think about the renewals which we are getting from the power purchase agreements and other places, right now, our split is about 10 percent coal, 68 percent natural gas, and then 22 percent is already coming from renewables. And again, we certainly expect to see over time, we still have four operating. You'll see that coal number drop as we move forward.

So thinking about the smart grid of the future, if I can leave you with one thing, I mean, everything is based on information technology. Our IT guys have suddenly become some of the most valuable employees we have. So it starts really right there in the middle with communications, getting an infrastructure in place which will allow you to communicate on a wireless basis, and then it comes over to system monitoring. So we are looking at the ability to look at your system, figure out where your outages are at without having a truck roll there, being able to monitor it, all of it in a central location. So, you know, at the end of the day, the most important thing for us is our ability to know what's going on and near real time and then not having to get a truck roll out there, something that we can absolutely manage quickly.

Another thing that we have done in the last couple years is we build this monitoring and diagnostic center. And again, kind of going back to that whole concept of the smart grid, this is a center, that tracks everything that's going on in our system from a generation perspective. So we're able to really take a very close look at all of our generating plants, predict when we might have a failure coming up, which is important to know. I mean, the last thing you want to have happen is during that zenith peak in the summer and you need all of your generation going full out, to have a failure occur. So the MDC is great from that perspective because we're able to track even the smallest thing that may be going awry in the generation system. I thought it was important to point out we spent \$5 million to build it, and it paid for itself in two years, which is a great investment. And again, this is another way that you can know what's going on without having to put eyes physically on the asset.

Just a couple of the programs we have in place. I'm not going to go through all of these, but Nevada Energy again, our smart meter. We have automation restoration schemes in our substations as well as the distribution lines. We're also monitoring those transformers remotely so we can also do some predictive maintenance and replacement on those. And then again, thinking about the smart grid, going back to it, centers around communication. And it's all based on IT and those feedback loops which lead to making sure that customers get what they need.

And then just turning a little bit to customers, those of you that are NV Energy customers, I hope you've signed up for MyAccount. It's incredible all of the things that are actually out there now that we've got those smart meters in place and the things that you can take a look at. It gives you multiple options to access your account, and also you can figure out how you want to talk to the power company, the kinds of things that you want to see, and what makes sense for you. It's also phone friendly.

And then this is just a setup of the smart meters. Almost all of you probably have a smart meter because we did those change outs. And again, the biggest thing there is that ability to get real time feedback, to understand what your usage is. It allows us to understand what we need to do to

balance the system and minimize disruptions, and it's really fundamentally changed the way that we do business. So just a couple of facts there.

And then for net metering, we also offer some additional usage graphs for those that have those systems that will reflect your production and usage and can also be pretty helpful to tell you why. I know we've had a couple comments about not understanding bills, and I would encourage you to take a look at this tool as well.

So if you think about what's next, certainly given the success that we're seeing in the energy imbalance market, we're certainly going to want to expand those working relationships and keep talking to the other regional transmission organizations, also expand our role in monitoring additional generating assets because that's worked out very well for us, and again, thinking about additional benefits on that distribution system, how we can better meet customer and business needs.

Mr. Thompson asked if they represent 90 percent of users in Nevada and whether they are all on smart meters.

Ms. Lacy said the bulk of them are.

Mr. Thompson then asked how far does a smart meter able to break down line usage.

Ms. Lacy answered that she would need a smart meter expert to answer the question but she knows it can detect patterns for appliances.

Mr. Thompson asked if the co-ops are using smart meters.

Ms. Lacy said she did not know the exact answer to that but the sub committees may be able to answer that.

Mr. Thompson then went on to speak about electric vehicles and hybrids and how they do not pay gas tax.

Senator Spearman then went on to ask what happens if we don't meet the RPS.

Ms. Lacy said you would see us go beyond the RPS anyway to meet the Clean Power Plan.

Senator Spearman stated that we need to develop those strategies, an energy strategy for Nevada. She also stated the results or impact of EV's should be included in the discussions about developing that comprehensive energy strategy. She spoke on rooftop solar, builders and appraisers.

James Oscarson asked whether rural electric co-ops would have to meet these standards as well.

Kathryn Arbeit asked Mr. Goss about the criteria that was used to select the three states.

Mr. Goss answered that they were looking for diversity and the location of the states. They also looked at current energy infrastructure, landscape, RPS, and whether there was opportunity for growth. He added that they are looking for states that are starting to incorporate these smart grid technologies. He stated that they were looking for states to lay out a vision for how their state would have the opportunity to address these concerns and that these concerns were something that they had the governor's explicit support for.

Chair Dykema closed agenda item 7.

8. Overview of PUCN Net Metering Decision: Chair Dykema then opened agenda item 8 and introduced Anne-Marie Cuneo to provide an overview of the PUCN's net metering decision.

Ms. Cuneo said the mission of the Public Utilities Commission is to supervise and regulate the operation and maintenance of utility service in Nevada. The PUC regulates over 400 different utilities and includes a railroad and gas pipeline safety division responsibility as well. Our vision, of course, is to ensure safe and reliable utility service at just and reasonable rates.

The PUC is charged with balancing the interests of both ratepayers and the shareholders of the utilities that it regulates. Again, I have 1911 as the railroad commission, and the PUC is a regulatory body not a legislative body, so it doesn't establish laws or policies, but it does follow and implement the laws and policies that are set by the State Legislature.

The net metering policy, which was set by the State Legislature, was first enacted in 1997. So let me bring you back to 1997 and the technology that was available at the time. In 1997, there were no smart meters. There was no smart grid. What you had was analog meters that could only run in one direction or the other. In 1997, the Legislature defined net meters as measuring the difference between the electricity supplied by a utility and electricity generated by a customer generator which is fed back to the utility over the applicable billing period.

In the 2015 session, SB 374 modified the net metering statute once again, and when SB 374 was modified, there were approximately, in June, there was approximately 6,000 net metering customers of the utility. SB 374 changed the limitation to 235 megawatts was the cap that was set, and it authorized the Commission to establish one or more rate classes for customer generators. It also authorized the Commission to establish the terms and conditions for participating including limitations on enrollment. So the Commission was allowed to limit the customers on net metering. It also authorized the utility to establish just and reasonable rates and charges to avoid, reduce, or eliminate an unreasonable shifting of costs from customer generators to other customers of the utility. When I say "customer generators," it's not just solar PV. There are also people that have rooftop wind or wind systems on there, and they're also eligible for net metering. SB 374 required the Commission and it said specifically, you shall not -- they shall not approve a tariff that unreasonably shifts costs from customer generators to other customers. So, in other words, from nonparticipants to participants. And last but not least, the Commission shall determine whether and to the extent to which the tariffs should apply to different generators -- generations of customer generators.

So one of the charges on your electric bill is your basic service charge, and that is a fixed component. The utilities' costs, just like every business's costs, is made up of fixed costs and variable costs. The fixed costs, one of the fixed costs, is the basic service charge. That is the charge on your bill, it's fixed. You can't avoid it no matter how many kilowatt hours you use or don't use. The BTGR stands for the base tariff general rate, and that is changed every three years currently when the power comes in for a rate case, and that is the variable component which recovers a lot of the fixed charges of the utility. So the BTGR covers wages, office expenses, meters, wires, trucks, generators, and capital costs including the operating expenses and a rate of return. So a lot of those costs are fixed, but they're being recovered in a variable charge. That's important to note. The net metering decision in the entire docket, although you can see this list of charges that are on your bill, those two, the basic service charge and the basic BTGR charges, are the only two rates that were affected by the net metering dockets.

Because the BTER is a forecast and forecasts are by definition always wrong, we have the DEAA, so that's deferred energy accounting adjustment. That's filed annually, and that recovers the difference from the forecasted rate and what the actual costs of the fuel and purchased power was. That's just to true up if you overpaid, then sometimes that DEAA rate is a credit. And if you underpaid, then the DEAA rate isn't charged. The EE rate is for to recover energy efficiency rates. Those are filed annually by the utility.

Ms. Cuneo went on to explain the rate structure in further detail. She also said let me say customers who do net meter, when their generation is on and running and they're using their own power, they avoid all of those charges. So if you're generating your own power, you don't pay any of those charges. If you take power from the utility, however, they pay the same rates as the Commission has determined.

Ms. Cuneo then spoke about NV Energy's cost of service study and the cost shift that took place. She discussed several issues on the dockets, including grandfathering, the rate design and the Commission's decision. She clarified for Mr. Thompson that Valley Electric Co-op has smart meters but the rural co-ops throughout the rest of Nevada do not.

Senator Spearman asked whether it made sense that their decision was based on policies, statutes that were created by the Legislature that basically, defined what you can and cannot do with respect to raising rates.

Ms. Cuneo responded that the legislation is the guide that the Commission uses in order to weigh the evidence that they have in front of them.

Ms. Spearman stated that there seems to be a lack of institutional knowledge within the legislative body. She then asked if the Legislature were to go back and take a look at all of those policies, would that get us closer to a viable and dynamic energy strategy as opposed to the one that we have right now that is basically static so that whatever decisions are or are not made by the PUC really come from maybe archaic legislation?

Ms. Cuneo responded yes to Senator Spearman's question.

Mr. Thompson asked whether a net metering customer escapes all of the legislatively mandated costs.

Ms. Cuneo said you escape them for what you self-generate. So net metering customers don't avoid those charges for any power they get from the utility, but the amount that they self-generate, they do avoid.

Mr. Thompson further asked if he were a self-generator, would he escape paying the renewable energy program rate.

Ms. Cuneo stated for the amount that you self-generate, yes. So if, for example, your monthly usage was 3,000 kilowatt hours a month, and you put a system on your house and it's now a thousand kilowatt hours a month, you avoid paying that rate for the 2,000 kilowatt hours.

Mr. Thompson mentioned this did not make any sense to him.

Kyle Davis then asked whether customer generators pay those legislatively-mandated charges on the amount that's delivered to their home.

Ms. Cuneo stated that they do, for the amount that they take service from the utility. She added that for the amount that they self-generate, and use, they don't pay anything.

Mr. Davis then asked why they don't pay fees on the power they feed back to the grid.

Ms. Cuneo stated that this is just a difference between Nevada and other states.

Mr. Davis asked about the rate design and why they are recovering volumetric rates or the partial recovery rates.

Ms. Cuneo said that it is effectively bad rate design left over from decades ago and continued to speak about variable costs.

Mr. Davis asked whether they have different rates for that coming and going energy under the new paradigm that the PUC has set up.

Ms. Cuneo said that the Commission determined that you are netting, a net metering customer is netting the usage over an hourly basis. So the utility smart meters can now measure things on a 15-minute basis, I believe, so you're taking those four 15-minute basis timeframes under which you are possibly overgenerating a little bit or undergenerating a little bit depending on what appliances you have, etcetera, etcetera, and they are getting that over the hourly timeframe. And at the end of the hour, the hourly billing period, that's when the charges will make it to play. So that's the net, the netting effect, is the 15-minute data that goes into the hourly rate.

Mr. Davis asked what the reason for going to hourly was.

Ms. Cuneo responded that they have the technology now, and so they should use it.

Mr. Davis asked Ms. Cuneo whether she thought the PUCN had the authority to look at grandfathering and make a decision on it before the passage of SB 374.

Ms. Cuneo replied by discussing the fact that you can't discriminate between similarly situated customers.

Mr. Davis then asked if she had been able to or would the Commission been able to apply those rates equally to all customers regardless of when they came into the system if not for the passage of SB 374.

Ms. Cuneo discussed the hard cap prior to SB 374.

Senator Spearman asked whether we are really looking at some type of different regulatory structure for utility pricing.

Ms. Cuneo stated that she did not know whether their regulatory structure allows for that currently.

The Chair closed agenda item number 8.

9. Discussion and Possible Action on Development of Technical Advisory Committees and Scope of Work: Chair Dykema opened agenda item number 9 for discussion and action on development of the Technical Advisory Committees.

The Chair proposed that they establish three separate committees corresponding to each of the policy areas the Task Force has been asked to address. She stated each Technical Advisory Committee would be chaired by a Task Force member and other volunteers representing different areas of expertise.

The first Technical Advisory Committee proposed was the Clean Energy Sources Committee. They work on policies to encourage the development of clean energy sources and integrative renewable energy technologies into Nevada's sector. The Chair of this committee will be Kyle Davis and there will be 12 members on this committee.

The second Technical Advisory Committee proposed by the Chair was the Grid Modernization which will work on the policies that foster the creation of a modern, resilient and cost-effective energy grid. The Chair for this committee will be Starla Lacy of NV Energy.

The third Technical Advisory Committee proposed by the Chair was the Distributed Generation and Storage Committee. This committee will work on policies that support distributed generation and storage with a specific focus on rooftop solar and net metering. Jeremy Susac will be the Chair of this committee.

The Chair asked for any comments or questions, seeing none, she asked for a motion to approve the proposed Technical Advisory Committee members. Senator Spearman moved to approve and there was a unanimous decision.

Agenda item number 9 was closed.

10. Discussion and Possible Action on Development of Schedule and Goals through September 2016:

The Chair stated they would hold bi-monthly meetings, the second meeting will be held in May, the third in July, and the final meeting in September. She mentioned the Technical Advisory Committees would be meeting more frequently in order to report to the Task Force. She said they are looking for concise conceptual proposals to be prepared and presented to the Task Force by the Committees at the next meeting due to the tight deadline. The Chair clarified that any proposals that do not require legislation will not be held to the June 1st deadline.

Chair Dykema mentioned the Governor will consider including the request in his legislation but there are no guarantees because the administration is limited in the number of bills they submit.

Senator Spearman stated that there is a need to prioritize legislation due to the tight deadline.

The Chair agreed and re-visited agenda item number 5 since Deputy Attorney General, Harry Ward was not able to attend. The Chair reviewed Open Meeting Law requirements and reiterated that the Technical Advisory Committees will also be subject to it. The Chair closed agenda item number 10.

11. Set Time and Date of Next Meeting: The Chair opened agenda item number 11, she stated the Task Force meetings will be held on the fourth Thursday of the month, which would make the next meeting May 24th. The date was tentatively set. Agenda item number 11 was closed.

12. Public Comment and Discussion: The Chair opened agenda item number 12 and asked for public comment and reminded everyone that no action would be taken on any matters raised but could be placed on a future agenda.

Dan Chia thanked the Governor and spoke about the 21st century electricity grid, rooftop solar and net metering. He asked that the Task Force set a pathway to restore the State's reputation as a clean energy leader by approaching this in an evidence-based fashion and that they strive to be as inclusive and transparent as possible. He went on to discuss the PUC's net metering decision and NV Energy's cost of service study. He urged the Commission to reject that study and examine the concerns in order to make recommendations to address them in future cases or at the Legislature.

John Friedrich spoke on behalf of the group Climate Parents and said they are working for a rapid shift of clean energy to help stave off the worst effects of climate change that will affect their children and grandchildren. He commended Governor Sandoval for convening the Task Force and asked that they keep the kids in mind when deliberating on how bold to be in clean energy recommendations. He went on to speak about the Clean Power Plan stating he doesn't see why they can't develop a strong Nevada base clean energy vision and be as bold as possible.

Blake Guinn spoke about the importance to bring back rooftop solar to Nevada through strong policies that protect customers, restore the industry and allow it to grow the way it was intended in SB 374. He continued to speak about the decline of solar applications since the PUC's decision and

how the solar industry has effectively been destroyed resulting in the loss of thousands of Nevada jobs. He discussed the benefits of solar for all Nevadans and asked the Task Force to consider these benefits and protect the industry and its customers.

Tiffany East just clarified that she will not be in the Technical Advisory Committee, it will be Lisa Briggs and she requested that change be made.

The Chair said the correction would be made. Chair Dykema thanked all for their participation and attendance and adjourned the meeting.