

**NEVADA LEGISLATURE  
LEGISLATIVE COMMISSION'S COMMITTEE TO  
CONDUCT AN INTERIM STUDY ON THE PRODUCTION  
AND USE OF ENERGY**

**(Senate Concurrent Resolution No. 19, File No. 99, *Statutes of Nevada 2009*)**

**SUMMARY MINUTES AND ACTION REPORT**

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The fifth meeting of the Nevada Legislature's Legislative Commission's Committee to Conduct an Interim Study on the Production and Use of Energy was held on Tuesday, June 1, 2010, at 1 p.m in the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas Nevada in Room 4401. The meeting was videoconferenced to Room 2135 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's website at <http://www.leg.state.nv.us/interim/75th2009/committee/>. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: [publications@lcb.state.nv.us](mailto:publications@lcb.state.nv.us); telephone: 775/684-6835).

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Senator Michael A. Schneider, Chair  
Assemblywoman Marilyn Kirkpatrick, Vice Chair  
Senator John J. Lee  
Assemblyman Marcus L. Conklin

**COMMITTEE MEMBER PRESENT IN CARSON CITY:**

Assemblywoman Heidi S. Gansert

**LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:**

Scott Young, Committee Policy Analyst, Research Division  
Matthew S. Nichols, Principal Deputy Legislative Counsel, Legal Division  
Anne Vorderbruggen, Senior Research Secretary, Research Division

## **WELCOME AND OPENING REMARKS**

- Senator Michael A. Schneider, Chair, welcomed the members, presenters, and public to the fifth meeting of the Legislative Commission's Committee to Conduct an Interim Study on the Production and Use of Energy. Chair Schneider noted that this is the last meeting before the Committee's work session, and reminded everyone that their recommendations for possible legislative action are needed by today in order for them to be considered at the work session.
- Chair Schneider stated that Senator Randolph J. Townsend has resigned from the Legislature and has been appointed to the Nevada Gaming Commission of the State Gaming Control Board. Chair Schneider thanked Senator Townsend for his service on the Committee and for his long tenure working on energy issues. He stated that Senator Townsend is a tremendous loss to the Committee.

## **APPROVAL OF MINUTES OF THE APRIL 20, 2010, MEETING IN LAS VEGAS, NEVADA**

- The Committee **APPROVED THE FOLLOWING ACTION:**

SENATOR LEE MOVED TO APPROVE THE MINUTES OF THE APRIL 20, 2010, MEETING HELD IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY ASSEMBLYWOMAN KIRKPATRICK AND PASSED UNANIMOUSLY.

## **PRESENTATION ON PUBLIC UTILITIES COMMISSION OF NEVADA'S (PUCN) FEED-IN TARIFF DOCKET**

- Chair Schneider reported that at its initial meeting on November 3, 2009, the Committee had requested that the PUCN open an investigatory docket to examine feed-in tariffs (FITs) and to explore whether FITs have a role in developing Nevada's renewable energy economy. Chair Schneider thanked the PUCN staff for the time and effort they devoted to the study and stated that Commissioner Rebecca Wagner was present to brief the Committee on the investigatory docket and the findings and recommendations of the PUCN. (Please see [Exhibit B](#).)
- Rebecca Wagner, Commissioner, PUCN, reported that the PUCN received comments to define a FIT, where it is headed, and what it is supposed to do, and then embarked on a tremendous amount of research of the documents they received, did their own investigation, and held two public workshops. Commissioner Wagner noted that there were a variety of participants, bringing insight from a developer, the average person who wants to participate in the solar program, the utility, and PUCN staff.

Commissioner Wagner stated that the finding was that the decision to adopt a FIT is the job of the Legislature. She noted that one of the reasons for this finding is there

already are many policies in place, including the renewable portfolio standard (RPS), the Solar Program, net metering, and third-party ownership, and that it would not be appropriate for the PUCN to add another policy option on its own initiative.

Commissioner Wagner outlined the following recommendations for the Committee:

- (1) Before making changes to any of the energy policies, the Legislature needs to develop a strategic energy policy plan to address job creation, carbon reduction, and other possible goals. Ms. Wagner remarked that the developers want consistency and predictability.
- (2) The impact on rates should be considered. To help with this, Commissioner Wagner noted that she had opened a new docket at the PUCN to take into consideration the rate impacts, the economic development benefits, and any other societal benefits of renewable energy and energy efficiency programs. That study will be completed before the next legislative session.
- (3) A distributed generation study should be undertaken to determine the impacts on NV Energy's distribution and transmission systems.
- (4) The gap that exists for incentives for solar projects that are too large for the Solar Program and too small for the RPS should be reviewed.
- (5) If the Committee decides to pursue a FIT, the major policy goals and parameters should be set, and the PUCN should be given flexibility in designing the FIT.

Commissioner Wagner noted that the Public Utility Regulatory Policies Act of 1978 and the Federal Power Act set limitations on what kind of FITs can and should be developed. She noted that California is attempting to get a ruling from the Federal Energy Regulatory Commission which would help define legally what can and cannot be done.

Discussion ensued between Commissioner Wagner and Senator Lee regarding the statements that "modest changes to existing programs could have a negative effect on the industry by creating uncertainty," and "the Nevada Legislature should consider the impacts on electric rates."

- Assemblyman Conklin inquired about the advantages to the ratepayers of a program that requires an initial investment before the energy is purchased at a premium through the FIT program, as the program would be available only to people who can afford to make the initial investment. Commissioner Wagner responded that the program is funded by ratepayers and it is a policy decision whether the power purchased is worth the cost of the premium. She noted that one of the issues is how to make the program fair for low-income customers.

- Assemblywoman Kirkpatrick asked if the municipal and co-op utilities were involved in the investigation of FITs. Commissioner Wagner responded that the discussion was limited to NV Energy because that is the only regulatory oversight the PUCN has. Ms. Wagner stated it would be beneficial to have the municipalities and co-ops further involved in the overall energy policy of the State.

There was a discussion between Assemblywoman Kirkpatrick and Commissioner Wagner regarding FITs, the contracts that would be used, and consumer protection issues.

- In response to a question from Assemblywoman Gansert, Commissioner Wagner stated that the RPS is being met in northern Nevada but has not been fully met in southern Nevada.
- Assemblywoman Gansert said that regardless of what the Legislature does about renewable energy, there needs to be some form of subsidy, which is what the FIT is about. She opined that the Legislature has to be cautious because the subsidy comes from the consumers and the rates that people pay, and it is important to review the impacts carefully before moving forward.

## **PRESENTATION ON DISTRIBUTED GENERATION AND FEED-IN TARIFFS**

- Rose McKinney-James, Managing Principal, Energy Works Consulting, LLC, introduced Andrew Johnson, Nevada Lead for The Solar Alliance, and Annie Carmichael, Federal Policy Director, Vote Solar, who were presenting information on distributed generation (DG).
- Annie Carmichael, Federal Policy Director, Vote Solar, provided a Microsoft PowerPoint presentation on developing a DG solar industry in Nevada. (Please see [Exhibit C](#).) Ms. Carmichael's presentation included information on:
  - (1) The original goal to build a small-scale solar market in Nevada and add a DG solar requirement to the State's renewable energy goal, and the arguments in opposition to the goal.
  - (2) Senate Bill 358 (Chapter 321, *Statutes of Nevada 2009*), which increased the RPS to 25 percent by the year 2025, made administrative changes to the SolarGenerations program, and authorized the property assessed clean energy (PACE) finance program; and Assembly Bill 186 (Chapter 284, *Statutes of Nevada 2009*) which enabled third-party ownership of solar systems.
  - (3) The SolarGenerations Rebate Program established by NV Energy, and the cost of the program to ratepayers.
  - (4) A comparison of the DG solar markets in the southwestern states.

(5) The following distributed generation solar goals and legislative options:

- Increase downward pressure on residential solar system prices and expand access to solar rebates to more homeowners; remove “program year” from *Nevada Revised Statutes* (NRS) 701B.490 to allow for a market-based step-down program and clarify the budget for the program.
- Attract more industry to the State; establish incentives for solar systems over 100 kilowatts (KW).
- Expand net-metering; increase the net-metering cap in NRS 704.773 and remove the 1 megawatt (MW) system size limit in NRS 704.771.
- Expand finance options for solar and energy efficiency improvements to residential and commercial properties; amend the PACE program.

Discussion ensued between Assemblywoman Kirkpatrick and Ms. Carmichael regarding transmission issues, and the PACE financing program, which Assemblywoman Kirkpatrick thought had been removed from S.B. 358.

- Scott Young, Committee Policy Analyst, Research Division, Legislative Counsel Bureau, pointed out that the reference to a PACE-type program begins at Section 18.1 of S.B. 358 and contains language requested by the City of Henderson. It does not allow bonds to be used for these programs and if the proper language were inserted in the statute, as has been requested by the City of Henderson, local governments would be able to use bonding in the future.
- Andrew Johnson, Nevada Lead for The Solar Alliance, stated that he is the Senior Manager of Government Relations and Policy for Sharp Solar, one of the largest solar panel manufacturers in the world, and is representing The Solar Alliance, an alliance of photovoltaic manufacturers, systems integrators, and financiers working with states to adopt cost-effective solar policies and programs. Mr. Johnson provided a Microsoft PowerPoint presentation on expanding the DG market in Nevada ([Exhibit D](#)). Highlights of Mr. Johnson’s presentation included the following:
  - (1) The opportunity to obtain federal grants (available for commercial systems only) and the creation of jobs.
  - (2) The costs of solar have continued to decline.
  - (3) The “gap” limiting small business systems to 50 KW; public buildings to 100 KW, with no market in the range of 100 KW to 3 MW.
  - (4) The Solar Alliance’s priorities to expand the commercial solar market by increasing the system size limit on nonresidential systems; establishing a specific MW goal tied to an increased budget and RPS targets; replacing the upfront incentive with a performance-based incentive; and replacing the current categories with “residential” and “nonresidential.”
  - (5) The impact on rates.

Discussion ensued regarding performance based incentives, distributed generation, and the impact to ratepayers.

- Ms. Kinney-James thanked the Committee for the opportunity to make these presentations and noted that the recommendations are minor revisions to the solar generations program and perhaps revisiting the idea of a carve-out to gain some experience on how DG works in the State. Ms. McKinney-James said she is supportive of an incremental approach that takes into consideration both the current economic environment and planning for the future.

## **PRESENTATION ON FEED-IN TARIFFS**

- Bob Tregilus, Co-Chair, Electric Auto Association of Northern Nevada, stated that he is self-funded and has no economic interest in renewable energy. Mr. Tregilus provided a Microsoft PowerPoint presentation on “Renewable Energy Feed-in Laws” (please see [Exhibit E](#)). Highlights from Mr. Tregilus’ presentation included the following:
  - (1) A comparison of the renewable energy accomplishments between Germany and the United States;
  - (2) The goal of a renewable energy program to reach price parity conditions;
  - (3) Common qualities of FITs;
  - (4) A comparison of rebates versus production incentives;
  - (5) Ratepayer impacts;
  - (6) Federal preemption;
  - (7) Where FITs might be used;
  - (8) An update on FITs in Ontario, Canada; and
  - (9) The importance of local ownership.

A discussion ensued between Committee members and Mr. Tregilus regarding ratepayer impacts, the FIT program, and DG.

## **PRESENTATION ON LS POWER’S INVOLVEMENT IN THE SOUTHWEST INTERTIE PROJECT**

- Chair Schneider noted that on January 11, 2009, U.S. Senator Harry Reid (D-Nevada) had announced a joint venture agreement between NV Energy and LS Power to construct the north-south high voltage transmission line in Nevada, with eventual extensions into adjoining states. He stated that representatives of LS Power were present to provide an overview of the project.

- James T. Endres, Executive Director, Government Affairs Group, McDonald Carano Wilson, LLP, introduced Luke Papez, Project Manager for LS Power, who would be making the presentation on LS Power's involvement in the Southwest Intertie Project (SWIP).
- Luke Papez Project Manager, LS Power, provided a Microsoft PowerPoint presentation ([Exhibit F](#)), which included the following highlights:
  - (1) The background and description of LS Power, a power generation and transmission group;
  - (2) The development philosophy of LS Power;
  - (3) A description of the SWIP project;
  - (4) The history and status of SWIP;
  - (5) SWIP's commercial arrangements;
  - (6) Benefits of the joint project with NV Energy;
  - (7) Overall benefits of SWIP;
  - (8) SWIP design and mitigation considerations; and
  - (9) Description and status of the Southern Nevada Intertie Project.

Responding to a question from Assemblywoman Kirkpatrick regarding what the State could do to make the permitting process more efficient, Mr. Papez commented about the detail in which many of the National Environmental Policy Act (NEPA) documents must be created and the synergies between the federal and State permitting process. He also noted it would be helpful to have the ability to address the comments and concerns of the counties and local governments at the same time.

- Assemblywoman Kirkpatrick suggested that it might be beneficial if the State created a master utility corridor.

## **PRESENTATION ON BIOFUEL ISSUES**

- Josh Griffin, GCG, stated that he was present on behalf of Biodiesel of Las Vegas to request that the Committee consider the company's recommendations. (Please see [Exhibit G](#)).

Continuing, Mr. Griffin provided an overview of biodiesel and discussed the issue of warranties and how biodiesel fuel affects warranties. Mr. Griffin stated that Biodiesel of Las Vegas is proposing that the Committee (1) consider a biodiesel mandate for Nevada; (2) amend NRS 366.022 to distinguish the definition of biodiesel from the definition of petroleum diesel; and (3) amend NRS 366.190 to include a distinct taxation definition of biodiesel.

## **PUBLIC COMMENT**

- Randy Robison, North Las Vegas, Nevada, noted that representatives from Main Street Power in Boulder, Colorado, were present to discuss Main Street Power and the work it has completed on solar power across the country.
- Ben McConahey, Associate, Main Street Power, Boulder, Colorado, stated that Main Street Power is a solar developer and operates on the power purchase agreement (PPA) model. He noted the company has also done work within the FIT program in Ontario, Canada. Main Street Power designs, builds, operates, and maintains the system for the lifetime of the PPA, which saves its customers money on their power bills with no up-front capital. Mr. McConahey stated that Main Street Power knows how to finance the deals for their customers and take advantage of the income tax credit that cannot be monetized by their customers, which are typically school districts, municipalities, and low income housing. He urged that the Committee consider the long term, not just a quick fix.

In response to a question about whether Main Street Power uses PACE financing in their projects, Mr. McConahey stated that they do not take advantage of PACE financing.

- Tara Bowman, Associate, Main Street Power, Boulder, Colorado, stated that the PACE program is focused on residential, and Main Street Power works with municipalities and school districts.
- Chair Schneider announced that the Committee had received numerous communications and documents in support of FITS. (Please see [Exhibit H.](#))
- Jim Groth, Director, Nevada State Office of Energy, Office of the Governor, provided an update on a recent meeting of the Southwest Renewable Energy Transmission Conference in Phoenix, Arizona. He opined that export is key to bringing an adequate number of jobs to the State to have an effect on Nevada's economy. Mr. Groth further noted that a report on DG is being conducted and will be completed prior to the 2011 Legislative Session
- Randell S. Hynes, President, Solar Forces, Inc., Las Vegas, Nevada, reported that Solar Forces, Inc. will be celebrating its first anniversary; they have trained approximately 1,000 photovoltaic installers; and have recently assumed the renewable energy and energy efficiency training at the College of Southern Nevada. Mr. Hynes discussed FITs and net metering. He pointed out that he is publishing Solar Forces, Inc.'s position on energy issues, and the Company will be involved in educating the public on solar energy, renewable energy, and energy efficiency.

Discussion ensued between Assemblywoman Kirkpatrick and Mr. Hynes regarding who would receive the rebate and/or credit when solar is installed on a commercial property that is leased to a tenant.



- Suzanne Johnson, private citizen, Gardnerville, Nevada, said that her home is solar powered and she is disappointed there is not more solar power in the State. She stated that she participates in the portfolio energy credit program and described the program. Ms. Johnson stated that the Database of State Incentives for Renewables and Efficiency should be updated to include information on Nevada's solar program, and the law for solar thermal that sets an arbitrary rate of two panels should be revisited. (Please see [Exhibit I-1](#) and [Exhibit I-2](#).)
- Abhilasha Wadhwa, Energy Conservation Group, Las Vegas, Nevada, discussed research she had conducted on carbon management for cities, a first-of-its-kind tool that maps energy use on a street-by-street level. Ms. Wadhwa stated that missing at the meeting today was discussion about how to reach the consumer. She opined that there is a lack at the federal level of a bottom-up measurement and verification process to measure where the federal money has made a difference.
- Alison Haugh, representing Southern Nevada Building Performance Professionals (SNBPP), Las Vegas, Nevada, stated that SNBPP is a building performance and energy auditing trade association. She requested that the Committee urge the Energy Commissioner to adopt the regulations for requiring an energy evaluation at the time of sale of a residence, contained in S.B. 437 (Chapter 509, *Statutes of Nevada 2007*).
- Andrew Oxner, ElectraTherm, Reno, Nevada, stated that ElectraTherm converts waste heat to electricity; has been in business about five years; and has 40 employees. Mr. Oxner urged the Committee to consider other sources of clean energy besides wind and solar. He further asked that the ability to sell some of the power back to the utility be included in the implementation of a FIT. Mr. Oxner stated that FITs are a great opportunity for Nevada because they have the ability to match the alternative energy installed capacity to the available resource.
- David Sharp, private citizen, Las Vegas, Nevada, stated that he was speaking as a private business consultant. He discussed his involvement in green startups, in the financial mortgage business, and as a project manager for construction development. He suggested there be an incentive at the point of sale to encourage commercial property owners to make green upgrades to their buildings.
- John Hadder, Director, Great Basin Resource Watch (GBRW), Reno, Nevada, stated that GBRW is a nonprofit whose mission is working with communities to protect the land and water in the Great Basin. Mr. Hadder stated that GBRW supports improved deployment of renewable technology, especially DG, with a focus on the need for community involvement in the process. He stated that GBRW supports a FIT policy in the State, with community involvement.

## **ADJOURNMENT**

There being no further business to come before the Committee, the meeting was adjourned at 5:01 p.m.

Respectfully submitted,

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Anne Vorderbruggen  
Senior Research Secretary

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Scott Young  
Committee Policy Analyst

APPROVED BY:

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Senator Michael A. Schneider, Chair

Date: \_\_\_\_\_

## LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Scott Young, Committee Policy Analyst, Research Division, Legislative Counsel Bureau (LCB).

[Exhibit B](#) is an Order and Report, Before the Public Utilities Commission of Nevada, Docket No. 09-11004, dated May 12, 2010, provided by Commissioner Rebecca Wagner, Public Utilities Commission of Nevada.

[Exhibit C](#) is a Microsoft PowerPoint Presentation dated June 1, 2010, titled “Growing a Distributed Generation (DG) Solar Industry in Nevada,” provided by Annie Carmichael, Federal Policy Director, Vote Solar, San Francisco, California.

[Exhibit D](#) is a Microsoft PowerPoint Presentation dated June 1, 2010, titled “Expanding the solar distributed generation (DG) market in Nevada,” submitted by Andrew Johnson, Nevada Lead for The Solar Alliance.

[Exhibit E](#) is a Microsoft PowerPoint Presentation titled “Renewable Energy Feed-in Laws: The Green-light for Economic Development and Jobs in Nevada,” provided by Bob Tregilus, Co-Chair, Electric Auto Association of Northern Nevada, Reno, Nevada.

[Exhibit F](#) is a Microsoft PowerPoint Presentation dated June 1, 2010, titled “Southwest Intertie Project, Update for Legislative Commission’s Committee to Conduct an Interim Study on the Production and Use of Energy,” submitted by Luke Papez Project Manager, LS Power.

[Exhibit G](#) is a document dated June 1, 2010, titled “Recommendation for Biodiesel Mandate and Definitional Distinction from Petroleum Diesel,” presented by Josh Griffin and Jessica Ferrato on behalf of Biodiesel of Las Vegas.

[Exhibit H](#) consists of communications and documents received by LCB staff in support of feed-in tariffs.

[Exhibit I-1](#) is a document dated June 1, 2010, titled “Comments to The Production and Use of Energy (S.C.R. 19) Legislative Commission’s Committee,” provided by Suzanne M. Johnson, Gardnerville, Nevada.

[Exhibit I-2](#) is a document titled “Economics of Solar Electric Systems for Consumers: Payback and other Financial Tests,” by Andy Black, submitted by Suzanne M. Johnson, Gardnerville, Nevada.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits, other materials distributed at the meeting, and the audio record are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at [www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm](http://www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm) or telephone: 775/684-6827.