



NEVADA LEGISLATURE
LEGISLATIVE COMMITTEE ON ENERGY
(Nevada Revised Statutes [NRS] 218E.805)

SUMMARY MINUTES AND ACTION REPORT

The first meeting of the Nevada Legislature's Legislative Committee on Energy was held on Friday, November 20, 2015 at 8:30 a.m. in Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3137 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/78th2015/committee/>. In addition, copies of the audio or video record are available through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835) and may be available online at <http://www.leg.state.nv.us/Granicus/>.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Erven T. Nelson, Chair
Senator Kelvin D. Atkinson
Assemblywoman Olivia Diaz

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Senator James A. Settelmeyer, Vice Chair
Senator Michael Roberson
Assemblyman Randy Kirner

OTHER LEGISLATOR PRESENT:

Senator Patricia (Pat) Spearman, Senate District No. 1

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Marjorie Paslov Thomas, Principal Research Analyst, Research Division
Brenda J. Erdoes, Legislative Counsel, Legal Division

Dan Yu, Principal Deputy Legislative Counsel, Legal Division
Roman Edwards, Deputy Legislative Counsel, Legal Division
Janet Coons, Principal Administrative Assistant, Research Division

Any agenda items taken out of order during the meeting have been placed in proper agenda order in the minutes for purposes of continuity.

AGENDA ITEM I—OPENING REMARKS

Chair Nelson called the first meeting of the Legislative Committee on Energy to order. He called upon the Committee members, the State's energy agencies and institutions, and stakeholder partners to remain focused on the shared goal of implementing the best energy policy possible.

Chair Nelson invited Senator Spearman to speak about the public policy behind Senate Bill 360 (Chapter 531, *Statutes of Nevada 2015*), which will be discussed later in the meeting.

Senator Patricia (Pat) Spearman, previously identified, read some comments from Chapter 7: "A Call to Action: Military and Civilian Collaboration in Energy Policy Discussions," from the book *The Refractive Thinker® Volume X: Effective Business Strategies for the Defense Industry Sector*, of which she is a contributing author. She stated:

Energy efficiency facilitates a cost-effective transition from the 20th century fossil fuel economy to economic growth through energy. Legislation is one way to improve energy sustainability. For example, the multi-housing Energy Efficiency Improvement Act of 2014 reauthorizes the United States Department of Housing and Urban Development for energy innovation funds to provide funding for public and private partners to create unique solutions in energy policy. Developing a template that facilitates the commitment to new and existing policies increases the adoption rate for sustainable development and requires engaging consumers as active participants. In the U.S., we consume more than 25 percent of the world's energy production. One of the reasons we have to embark upon a serious discussion with regards to comprehensive energy strategies is that humanitarian and economic deficits attribute to the lack of reliable power generating systems and underscores the need for policy consistency and is supported by research.

Senator Spearman explained that in her recent study, which was completed in June 2015, many states and some of the participants, even in Nevada, were hesitant to pursue new energy policies because there was no guarantee they would be stable for the next four or five years. She discussed the exorbitant monetary investment of the activities and the fiduciary responsibility to stockholders. Senator Spearman expressed her hope that the Committee will integrate energy efficiency into the goals of Nevada's Clean Power Plan because the State could save \$1.2 trillion by 2020 through energy conservation.

AGENDA ITEM II—PUBLIC COMMENT

Chair Nelson called for public comment, which he explained would be limited to three minutes for each speaker.

Arlene Kam, Teacher, Sierra Vista High School, Clark County School District, Las Vegas, Nevada, shared her students' suggestion of installing solar panels on every high school in Las Vegas.

AGENDA ITEM III—REVIEW OF THE COMMITTEE'S DUTIES AND WORK PLAN

Marjorie Paslov Thomas, previously identified, said the Legislative Committee on Energy was created in 2013 as a result of Assembly Bill 428 (Chapter 510, *Statutes of Nevada*). She discussed NRS 218E.805 as it pertains to the Committee ([Exhibit B](#)). Ms. Paslov Thomas also discussed the membership of the Committee, its responsibilities, mandated activities, and future meeting dates ([Exhibit C](#)). She reminded the Committee it is allocated ten bill draft requests and the deadline for submission to the Legal Division is September 1, 2016.

AGENDA ITEM IV—OVERVIEW OF THE ROLE AND RESPONSIBILITIES OF THE PUBLIC UTILITIES COMMISSION OF NEVADA (PUCN) CONCERNING UTILITY REGULATION

Anne-Marie Cuneo, Director of Regulatory Operations, PUCN, shared a Microsoft PowerPoint presentation regarding the ratemaking process ([Exhibit D](#)). She stressed that the costs a utility incurs are vital to its revenue requirement and the rates that people are charged. Ms. Cuneo explained the various rate components and the types of rate applications. She identified the "just and reasonable" costs and expenses that ratepayers should have to pay when a utility files a general rate case.

Ms. Cuneo answered questions from Committee members regarding the following:

- Methodologies and models used to determine cost of capital;
- Consumer protection in the solar industry;
- The last rate case for southern Nevada, which settled in 2014 at a zero rate increase;
- Acronym explanations and net metering charges on customers' bills; and
- Variations in peak demand for electricity.

Ms. Cuneo explained the PUCN does not have jurisdiction over the sales and marketing practices of competitive solar industries. She said customers could file a complaint with the Bureau of Consumer Protection of the Office of the Attorney General.

Chair Nelson mentioned the Committee would be discussing solar energy at a future meeting.

AGENDA ITEM V—PROGRESS REPORT ON SENATE BILL 123 FROM THE 2013 LEGISLATIVE SESSION

Chair Nelson reminded the Committee that S.B. 123 (Chapter 490, *Statutes of Nevada 2013*) shifted energy from coal-fired plants, such as the Reid Gardner Generating Station, and replaced that capacity with increased capacity from renewable energy facilities and other electric generating plants.

Anne-Marie Cuneo, previously identified, shared a Microsoft PowerPoint presentation, which provided an update on the implementation of S.B. 123 ([Exhibit E](#)). She said S.B. 123 has been implemented at a more reasonable cost than expected. Rather than building new plants at a cost of \$780 million, Ms. Cuneo said the Nevada Power Company purchased used plants for \$172 million, for a savings of \$608 million. She added the decommissioned plants will be torn down, holding ponds will be cleaned up, and the utility will decide what to do with the land. Ms. Cuneo stated the denial by the PUCN of the proposed Moapa Solar project saved ratepayers approximately \$662 million.

Senator Patricia (Pat) Spearman, previously identified, commented that the first part of the Nellis Air Force Base project—which is a public-private partnership between the utility companies, the solar companies, and the U.S. Department of Defense—has generated approximately 33 megawatts of energy, which is almost 40 percent of the energy used by Nellis. She noted the clean power has reduced the carbon footprint to 27,000 tons per year.

A discussion took place regarding the North Valmy Generating Station (Valmy). Ms. Cuneo said Valmy was not subject to S.B. 123; only southern Nevada plants were impacted. Vice Chair Settlemeyer suggested Valmy was not included because it is a newer facility and uses cleaner technology. Ms. Cuneo affirmed the Valmy units are newer and not located near Native American reservations. She mentioned that Valmy is jointly owned by NV Energy and the Idaho Power Company.

Assemblyman Kirner and Ms. Cuneo discussed whether the life span of a used facility versus a new facility was considered. Ms. Cuneo explained the PUCN bases its resource planning on a 20-year forecast.

Kevin Geraghty, Vice President, Energy Supply, NV Energy, reiterated that S.B. 123 has been implemented at a lower cost than envisioned. He also reiterated that three of the Reid Gardner plants are retired, and by the middle of 2018, the infrastructure will remain and the site will have value for future generations.

AGENDA ITEM VI—OVERVIEW OF THE PROCESS TO FILE AN EXIT APPLICATION BY AN ELIGIBLE UTILITY CUSTOMER PURSUANT TO CHAPTER 704B (“PROVIDERS OF NEW ELECTRIC RESOURCES”) OF NRS

Chair Nelson reminded the Committee that this docket is currently in process, and the PUCN’s order would be out December 2, 2015; therefore, he requested Committee members to hold specific questions for a future meeting.

Anne-Marie Cuneo, previously identified, discussed the events that led to the creation of Chapter 704B of NRS. She shared a Microsoft PowerPoint presentation, which explained the process to file an exit application pursuant to Chapter 704B ([Exhibit F](#)).

AGENDA ITEM VII—PROGRESS REPORT ON THE IMPLEMENTATION OF SENATE BILL 151 FROM THE 2015 LEGISLATIVE SESSION

Chair Nelson explained that S.B. 151 (Chapter 59, *Statutes of Nevada 2015*) requires the PUCN to adopt regulations authorizing a public utility that purchases natural gas for resale to expand its infrastructure in a manner consistent with an economic development program proposed by the public utility and approved by the PUCN.

Debra Gallo, Director of Public Affairs, Southwest Gas Corporation, shared a Microsoft PowerPoint presentation regarding the natural gas infrastructure expansion and an update on the implementation of S.B. 151 ([Exhibit G](#)). She said a regulation workshop is scheduled for January 6, 2016, and a formal hearing is scheduled for January 7, 2016, at the PUCN. Ms. Gallo explained that a proposed order will be issued, the commissioners will vote to approve the draft regulations, and the approved regulations will be forwarded to the Legislative Commission for final review and approval. Once the regulations are approved, she said Southwest Gas would be able to file any natural gas expansion projects with the PUCN.

Vice Chair Settlemeyer and Ms. Gallo discussed whether the process could be sped up due to the savings an individual could achieve by switching to natural gas, especially during the winter months.

AGENDA ITEM VIII—OVERVIEW OF THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY’S CLEAN POWER PLAN AND THE STATE’S ROLE IN DEVELOPING AND IMPLEMENTING THE PLAN

Chair Nelson said the U.S. Environmental Protection Agency (EPA) recently announced the Clean Power Plan, which reduces pollution from power plants; this summer, the EPA issued final carbon pollution standards for new, modified, and reconstructed power plants and proposed a federal plan and model rule to assist states in implementing the Clean Power Plan. He stated the final rule was issued on October 23, 2015, and establishes final emissions guidelines for states to follow in developing plans to reduce greenhouse gas emissions from existing fossil fuel-fired electric generating units.

Dave Emme, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources, shared a Microsoft PowerPoint presentation, which provided an overview of the Clean Power Plan and Nevada's role in developing and implementing the plan ([Exhibit H](#)). Mr. Emme shared that Nevada will seek a two-year extension for submitting its plan to the EPA because the regulatory process requires more time than the deadline of September 2016. He noted the Division has yet to determine whether legislation for the 2017 Session will be needed to develop a State plan.

AGENDA ITEM IX—OVERVIEW OF THE NEVADA GOVERNOR'S OFFICE OF ENERGY (GOE)

Angela Dykema, Director, GOE, shared a Microsoft PowerPoint presentation, which provided an overview of the role and responsibilities of the GOE ([Exhibit I](#)).

AGENDA ITEM X—PRESENTATION ON GREEN BANKS AND DISCUSSION REGARDING ADMINISTRATIVE SUPPORT FROM THE GOE

David Gibson, Energy Efficiency Specialist, GOE, shared a Microsoft PowerPoint presentation on information related to S.B. 360 as it relates to green banks in Nevada ([Exhibit I](#)).

Jeffrey Schub, Executive Director, The Coalition for Green Capital (CGC), presented a one-page document, which identified the mission of a green bank ([Exhibit J](#)), and he shared a Microsoft PowerPoint presentation titled "Growing Nevada's Clean Energy Markets Quickly with Green Bank Financing" ([Exhibit K](#)). Mr. Schub discussed the following:

- How green banks are set up;
- The financial structure of green banks;
- The benefits of green banks;
- The growth of green banks throughout the country; and
- How Nevada's economy would benefit from green banks.

He explained that a proposed scope of work in a green bank study by CGC would consist of:

- A comprehensive review of Nevada's current energy markets, programs, and policies;
- A full review of existing national and international green banks;
- Market sizing to understand the investment opportunity;
- Identification of financing gaps and needs assessment in Nevada;

- Identification of green bank financing structures; and
- Implementation guidance.

Vice Chair Settlemeyer and Mr. Schub discussed the payback period of a loan and whether the loan follows the asset. Mr. Schub explained the term of the loan should be designed to match the useful life of the measure, and the loan ideally should stay with the property.

Assemblywoman Diaz and Mr. Schub discussed where Nevada would get the money for a green bank. Mr. Schub said the study would help determine the source of capital. He explained how other green banks around the country received their money.

A discussion ensued regarding the financing of current solar projects in the State. Mr. Schub stated the solar companies usually own the panels because most homeowners lease the solar systems. He described various scenarios of what could happen when homeowners try to sell homes with solar panels. Mr. Schub stressed that a comprehensive approach needs to involve the banks and the real estate market.

Mr. Gibson discussed how green banks add an emphasis on energy efficiency and how they make financing accessible to a broader range of participants. He said the real estate market must properly value energy efficient homes and homes with renewable energy. Mr. Gibson added that a statewide green bank would provide standardized contracts and policies that will help protect consumers by preventing price gouging and complicated contracts.

MOTION: Senator Atkinson moved to request the Governor's Office of Energy conduct a study of the viability of establishing green banks and similar entities to help finance the use and harnessing of clean energy projects and report its findings to the Legislative Committee on Energy. The motion was seconded by Assemblywoman Diaz and passed unanimously.

AGENDA ITEM XI—PUBLIC COMMENT

Janette N. Dean, resident of Washoe Valley, Nevada, and environmental policy and human rights advocate, said Nevada has the greatest solar resources of any state in the country and significant geothermal resources that have not been fully explored or developed. She discussed the State's responsibility of being a bold leader in reducing carbon emissions.

Rick Van Diepen, President, U.S. Green Building Council, Nevada Chapter, asked the Committee to consider creating a green bank in Nevada. He suggested green banks are highly effective and fiscally responsible in supporting energy efficiency and renewable development.

Senator Patricia (Pat) Spearman, previously identified, clarified that she was the sponsor of S.B. 360. She stressed that consumers must be educated to understand the value of energy efficiency by developing communication networks related to home building. Senator Spearman

also stressed that mortgage bankers, assessors, and real estate agents must understand the value of energy efficiency in order to market homes properly.

Vinny Spotleson, resident of Las Vegas, Nevada, thanked the 2013 legislators for their leadership on S.B. 123. He suggested Nevada should be able to easily meet the requirements of the Clean Power Plan by increasing efficiency and closing the two remaining coal plants. Mr. Spotleson discussed his ideas for rooftop solar.

A letter from Ray Bacon, Executive Director, Nevada Manufacturers Association, regarding general energy data and some specific data for Nevada was submitted for the record ([Exhibit L](#)). It should be noted that Mr. Bacon did not provide a thumb drive to staff as stated in the letter.

Chair Nelson announced the next meeting would be on December 8, 2015, at 8:30 a.m. in the same locations.

AGENDA ITEM XII—ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:12 p.m.

Respectfully submitted,

Janet Coons
Principal Administrative Assistant

Marjorie Paslov Thomas
Principal Research Analyst

APPROVED BY:

Assemblyman Erven T. Nelson, Chair

Date: _____

EXHIBITS

EXHIBIT	WITNESS/ENTITY	DESCRIPTION
Exhibit A	Marjorie Paslov Thomas, Principal Research Analyst, Research Division, Legislative Counsel Bureau (LCB)	Agenda
Exhibit B	Marjorie Paslov Thomas, Principal Research Analyst, Research Division, LCB	<i>Nevada Revised Statutes</i> 218E.805
Exhibit C	Marjorie Paslov Thomas, Principal Research Analyst, Research Division, LCB	Committee information regarding membership, responsibilities, mandated activities, meeting dates, and staff contact information
Exhibit D	Anne-Marie Cuneo, Director of Regulatory Operations, Public Utilities Commission of Nevada (PUCN)	Microsoft PowerPoint presentation
Exhibit E	Anne-Marie Cuneo, Director of Regulatory Operations, PUCN	Microsoft PowerPoint presentation
Exhibit F	Anne-Marie Cuneo, Director of Regulatory Operations, PUCN	Microsoft PowerPoint presentation
Exhibit G	Debra Gallo, Director of Public Affairs, Southwest Gas Corporation	Microsoft PowerPoint presentation
Exhibit H	Dave Emme, Administrator, Division of Environmental Protection, State Department of Conservation and Natural Resources	Microsoft PowerPoint presentation
Exhibit I	Angela Dykema, Director, Governor's Office of Energy	Microsoft PowerPoint presentation
Exhibit J	Jeffrey Schub, Executive Director, The Coalition for Green Capital (CGC)	Document regarding green banks
Exhibit K	Jeffrey Schub, Executive Director, CGC	Microsoft PowerPoint presentation
Exhibit L	Ray Bacon, Executive Director, Nevada Manufacturers Association	Letter

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 and other materials distributed at the meeting 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 or telephone: (775) 684-6827.