

**SB184: Renewable Energy Systems Development Program**

**NV Energy Comments – Judy Stokey, Executive, Government and External Affairs**

NV Energy appreciates the opportunity to talk to this committee about the concepts embodied in SB184. NV Energy strongly supports the growth of renewable energy in Nevada. It is an important component of our three part strategy for meeting the energy needs of our state, and we have already committed hundreds of millions of dollars towards purchasing renewable energy and developing renewable projects in this state. We strongly favor the further development of renewable energy and diversifying Nevada's energy resources.

While we may have differences of opinion on the best policies and strategies to implement renewable energy development, there is very little disagreement on the vital role of renewables and energy efficiency in Nevada's future. We are committed to meeting and exceeding the renewable portfolio standard that the legislature has established; a 25% requirement by 2025.

In fact, we expect to submit a renewable compliance report this year showing that we not only exceeded the 2010 statutory requirement, but we were able to make up the 2009 shortage, we take this commitment very seriously. By using processes like existing RFPs and considering new structures, like short-term and renewable credit proposals, we have been able to successfully work with the renewable community to develop a sustainable approach that obtains the best value for our customers.

A 2010 report by the Solar Energy Industries Association shows that on a per capita basis Nevada leads the nation in cumulative installed solar capacity through 2009 and a 2010 report by the Solar Electric Power Association ranks NV Energy in the top five in both total annual megawatts and megawatts per customer. In 2010, NV Energy obtained approval of 160 MW of new solar energy contracts under our request for proposal process and expects to bring forward several additional solar contracts to the PUCN very soon. As my colleague, Mr. Owens discussed with you last week, for small solar installations which are eligible for rebates in 2010 was our best year ever and 2011 will have even more installations. In fact, in these two years we expect to connect nearly 22 MW under our Solargenerations program. Given this success on a statewide level, it's clear that we are on the right track for creating and sustaining a dynamic, competitive renewable community.

So NV Energy's concern about this bill is not one of whether increasing utilization of renewable energy is good policy for Nevada. It's how we increase the utilization. We differ on what we believe the best strategies for accomplishing this policy are.

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NV Energy supports strategies which the prices paid for renewables are driven by a market based process in order to obtain the best value for customers. The existing RFP process requires developers to compete against each other. The best projects and prices succeed. We are able to address creditworthiness of bidders. We ensure that reasonable construction and operational conditions are in place, thereby giving us the ability to prudently manage these contracts and costs to our customers.

We support strategies that ensure that renewables are developed and integrated into the utility grid in a manner that does not expose our customers to diminished reliability.

We support strategies that place protections for and cost impacts for consumers on an equal footing with achieving our renewable energy goals.

Nevada's current approach to renewable development is based upon these strategies. Unfortunately SB184 does NOT utilize any of these strategies.

SB184 is a feed in tariff bill. Feed in Tariffs have been utilized in Europe and other nations as the policy to achieve renewable energy development. However, Germany and other nations do not have the renewable energy policies that are used here in Nevada. For example:

- \* They do not mandate a renewable portfolio standard-which we have in Nevada
- \* They do not mandate a small distributed generation project like our renewable Generators – which we have in Nevada
- \* They do not receive rebates - which we have in Nevada
- \* Nor do they receive subsidized rates such as net metering-which we have in Nevada

Both Nevada's broad-based approach and a Feed in Tariff approach can spur renewable development. However, Feed in Tariffs are not a slight tweak to existing policies. Rather Feed in Tariffs are a dramatically different path to accomplishing the same goal. SB 184 does not address how these different paths will interrelate.

Countries with Feed in Tariffs are now seeing significant consumer cost increases as a result of their Feed In Tariff programs. In 2010 various countries, including Germany and Czech Republic, reduced their feed in tariff rates for solar after realizing they were set too high. Most recently, in December 2010, France suspended its solar program to eliminate what French government officials referred to as a "veritable speculative bubble". All of these countries are

pursuing renewable development but their programs are emphasizing less expensive renewables such as wind and biomass.

SB184 heads in the opposite direction. This bill legislatively picks a winning technology. SB184 will result in higher levels of Solar PV systems. However, these systems will not need to compete on price or other terms with wind, geothermal and biomass projects. Yet market data is showing the solar PV is becoming more and more competitive with other technologies and indicates this legislation is not necessary. In addition the third party facilitator function will ensure further bureaucracy and drastically limit the ability for prudent contract management and responsiveness to changes in market conditions, such as federal tax benefit changes or drops in price.

NV Energy is the provider for the customers. It is our responsibility to supply power even as backup. SB184 provides no protections for consumers. All of our customers will be impacted by the costs imposed by SB184, including local governments and state agencies.

I am happy to answer your question.