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Ex K.

2003-2005 Budget Presentation to Senate Finance Committee

Carl B. Linvill, Ph.D., Director
Nevada State Office of Energy

EXHIBIT K Senate Committee on Finance

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February 5, 2003

Nevada State Office Energy

In February 2001 Governor Guinn Announced His Energy Protection Plan

- Ensure reliable energy sources
- Encourage conservation and provide assistance
- Facilitate generation and transmission siting including renewable energy development
- Participate in regional and federal issues
- Perform energy adequacy assessments

Statutory Responsibilities

- Grants and contracts administration
- Comprehensive Plan that:
 - Promotes conservation, renewable energy and energy projects that enhance economic development
 - Creates incentives
 - Provides education programs
 - Assesses benefits of projects
- Energy Emergency Planning

The Comprehensive Energy Plan Joins The Governor's Plan And Statutory Requirements

- To support a reliable, affordable and diverse energy supply that is used efficiently
- By seeking to:
 - encourage additional energy supply and infrastructure in Nevada and the west
 - promote Renewable Energy and Energy Efficiency in Nevada
 - incorporate the advice of the Task Force regarding renewable energy and energy conservation

Priorities Relative to Reliable Sources: Permitting & Siting of New Facilities

- Follow electric generation & transmission, natural gas transmission projects and fuel transmission & storage
- Monitor significant permitting and siting issues
- Participate in regional organizations
- Participate in contingency planning activities
- See boxes 1-1, 1-2 and 1-3

Priorities Relative to Promoting Conservation and Energy Efficiency

- **Improve State Efficiency:** State agency plans, Building Retrofits, New State Building Efficiency
- **Encourage Outreach Activities:** Weatherization Program, EEM and Other Housing Programs, Utility DSM Programs, SBDC program, UNR/UNLV/DRI cooperative programs
- **Support Statewide Conservation Plan:** Web-based clearinghouse, SEP programs for City and County efforts
- See boxes 1-6, 1-7 and 1-4

NSOE Priorities Relative to Promoting Renewable Energy Development

- **Create Markets:** RPS, Green Tags, Green Tariffs
- **Reduce Costs:** Resource Mapping, Federal PTCs, Tax Exemptions, R&D Support
- **Mitigate Barriers:** Federal Lands Issues, Infrastructure Improvement, Interconnection Support
- See boxes 1-3, 1-4 and 1-5

Sources of Grant Money

- DOE State Energy Program Formula Grant
- DOE Special Project Competitive Grants
- Cooperative Grants through the DOE Seattle Regional Office
- Other Federal Grants
- See Box 1-4 for summary

SEP Formula Grant Projects

	Planned Expenditure	Outstanding Amount	Notes
Grants Obligated	\$93,938	\$42,955	Pending amounts may be offset by matching funds
Grants Pending	\$55,235	\$55,235	Projects in process
Grants Replaced	\$72,500	N/A	Projects active under other funding sources

Nevada State Office Energy

February 5, 2003

*Nevada New Generation under Construction and
Projected to be Operational by Summer 2004
(Box 1-1)*

- Black Hills Energy is building a 250-MW expansion of the Las Vegas Cogeneration project. This expansion is expected to come on line in January 2003.
- Mirant is building a 570-MW plant in the Apex area and the plant is expected to be energized in the spring of 2003.
- Refiant is building its 570-MW Bighorn facility near Primm and December 2003 is the current on-line date projection.
- Pinnacle West and the SNWA are building a 550-MW plant near Apex and the plant is expected to be on line in late 2004.

*Transmission Project Progress During the Biennium
(Box 1-2)*

Centennial Project:

- Completion of phase one and phase two will be in time to accommodate new generation currently under construction in southern Nevada.
- Completion of phase three expected by April 2005.

Falcon-Golder Project:

- Completion expected by summer 2004.
- Upon completion, import capacity will increase by 259-MW.

Renewable Energy Projects with Pending Utility Contracts and Projected to be Operational in this Biennium
(Box 1-5)

- Desert Queen is an 80 MW Wind Project in Goodsprings, NV being built by Cielo Wind and expected to come on line in late 2004
- Desert Peak 2, a 25 MW Geothermal Project in Desert Peak, NV, is being built by Ormat and is expected to come on line in late 2004
- Ely Wind Project, a 50 MW Wind project near Ely, NV, is being built by MNS Wind and is expected to come on line in late 2004
- Hot Sulphur Springs, a 25 MW geothermal project in Elko County, is being built by Earth Power Resources and is expected to come on line in late 2004
- Steamboat IV, a 62 MW geothermal project in Calaveras, NV, is being built by AEP and is expected to come on line in early 2005
- El Dorado Solar Electric Generating Station, a 50 MW solar thermal facility in the El Dorado Valley, is being built by Duke Solar and is projected to be on line in the spring of 2005

Nevada State Office of Energy Grant Highlights for the Biennium
(Box 1-4)

- UNR, UNLV, DRI, NTS Development Corporation and NSOE worked with Senator Reid's office to secure \$3.2 million in support of geothermal, wind, solar and building efficiency projects
- NSOE received \$394,000 State Energy Program formula grant to fund office operations in support of energy efficiency, renewable energy, and alternative vehicles/fuels education outreach and project support activities. Increased emphasis in this year's grant is dedicated to energy supply reliability and shortage contingency planning
- NSOE helped UNR Management Assistance Partnership and NV Division of Minerals (NDOM) to obtain \$135,000 grant to increase energy efficiency and economic health of Nevada mining industry, and to establish an Industries of the Future office in Nevada
- NSOE assisted UNR's Bureau of Mining and Geology and NDOM to secure \$99,086 grant to update and promote Nevada's database of geothermal energy resources in support of industry development
- NSOE administered \$85,000 of grant cost-share of energy efficiency projects including Nevada Small Business Development Center support of energy management workshops, development of a community energy plan for the City of Henderson, and retrofit of the White Pine County courthouse

Nevada State Office of Energy Renewable Energy Outreach Highlights for the Biennium (Box 1-5)

- NSOE established wind, geothermal, solar, and efficiency workgroups in the fall of 2001. Workgroups provided NSOE and Renewable Energy and Energy Efficiency Task Force with summaries of barriers, opportunities and recommendations.
- NSOE helped to provide education opportunities for Nevadans, including NV's Indian tribes, interested in developing renewable energy projects through supporting DOE's Windpowering America and Geopowering the West programs.
- NSOE co-sponsored the June, 2002, American Solar Energy Society national conference in Sparks. Several key elected officials including Senator Townsend and Assemblywoman Leslie addressed a record-breaking conference of over 1000 attendees.
- NSOE established the Rural Renewable Energy Outreach Group as follow up to the March, 2002 Nevada Land Use Summit. Group seeking funding opportunities from USDA, Community Development Block Grant, DOE and EPA for renewable energy projects and economic development in rural Nevada.

Nevada Public Sector Conservation Highlights (Box 1-6)

- NSOE continues to coordinate the State Agency Conservation Planning effort initiated by the Governor's State Conservation Planning mandate.
- NSOE working with DOE's *Rebuild America Program*, Nevada Power and Sierra Pacific Power to create energy analysis tools for State facility manager documentation of conservation effort effectiveness. The tools are being beta tested by four agencies and will be available to all agencies in the spring.
- *Rebuild America Program* staff recognized the City of Henderson for excellence in community energy planning.
- Clark County Administrative Services worked with *Rebuild America* staff to present five building energy management workshops for public sector employees, including state agency personnel. NSOE assisted workshop promotion and attendance.
- Clark County School District credited NSOE's assistance in successful effort to reduce district energy costs by \$1.2 million in 2001 and \$3 million in 2002.
- NSOE launched program to promote additional savings in NV's school districts in partnership with staff of DOE's *Rebuild America* and *EnergySmart Schools* programs, the National Energy Foundation and Sierra Pacific Resources.

NSOE Residential Energy Efficiency Outreach Effort Highlights for the Biennium (Box 1-7)

- ◆ Provided recommendations to Nevada Housing Division (NHD) on increased energy efficiency design standards for new and existing housing.
- ◆ Inventoried and developed clearinghouse of energy efficiency assistance programs for low-income residents.
- ◆ Funded home energy rating and energy efficient mortgage education targeted to housing industry professionals, utility and NHD staff, and consumers.
- ◆ Trained and certified home energy raters.
- ◆ Sponsored annual Governor's Award for Excellence in Energy Efficiency in New Home Construction award in partnership with Builders Association of Northern Nevada (BANN), Energy Rated Homes of Nevada, SRPCO and FutureMae.
- ◆ In partnership with BANN, sponsoring "Systems Vision" workshop for home builders to increase energy efficiency, occupant comfort, and profits while reducing call-backs and derefrigration.
- ◆ Completed two-year study of residential building energy code compliance in Reno and Las Vegas and related training for code officials and industry members.
- ◆ Became sponsoring partner in three-state, 31-member *Building Industry Research Alliance* to pioneer construction of advanced housing incorporating above-EPA Energy Star levels of energy efficiency and use of solar energy.

Fuel Supply Highlights (Box 1-8)

Fuel Capacity Expansions

- ◆ Kern River natural gas pipeline capacity for delivery to southern Nevada expanded by 100,000 MCF per day and gas capacity to southern Nevada will be further expanding by an additional 900,000 MCF per day by next winter.
- ◆ Pilsarona gas pipeline capacity for delivery to northern Nevada expanded by 55,000 MCF per day and a further expansion of 40,000 MCF per day is expected during 2003.
- ◆ Kinder-Morgan storage capacity expanded by 100,000 barrels of jet fuel, 80,000 barrels of gasoline and 40,000 barrels of gasoline.

Alternative Fuel Production Expansions

- ◆ Biodiesel production increased to 3 million gallons per year.
- ◆ Ethanol E-85 fueling station added to the State motor pool in Reno.
- ◆ Hydrogen production of 60,000 gal per day at the City of Las Vegas West Fleet Vehicle Center and fueling center in the fleet of 27 hydrogen vehicles.