

Senate Concurrent Resolution No. 46—Committee on Legislative
Operations and Elections

FILE NUMBER.....

SENATE CONCURRENT RESOLUTION—Encouraging the
Public Utilities Commission of Nevada to participate in
discussions to upgrade the electric transmission system in the
Western Interconnection.

WHEREAS, The existing electric transmission system in the Western Interconnection was largely constructed on a control-area-by-control-area basis, resulting in a system that does not result in the lowest average cost per unit of energy delivered to retail customers throughout the West; and

WHEREAS, The economic benefit of completing an optimized electric transmission system in the Western Interconnection will result in substantial cost reductions, most likely in the range of hundreds of millions of dollars per year; and

WHEREAS, The investments required to achieve savings of this magnitude are also quite large, most likely in the range of billions of dollars; and

WHEREAS, The complexity of the financial transactions required to support such large investments, across multiple control areas and states, involving public and private sector funds, is expected to be unprecedented in the electric power industry over the last 60 to 70 years; and

WHEREAS, Completion of such a project is likely to require coordinated action at the federal level to obtain some level of relief from the provisions of the Public Utilities Holding Company Act and from the Federal Energy Regulatory Commission related to the timing of cost recovery permitted in tariffs and to tariff provisions governing intermittent renewable generators; and

WHEREAS, Utility efforts to gather information about the financing and construction of such a transmission system are likely to include consideration of terms and conditions and negotiations with other entities that may be contrary to current regulations or statutes; and

WHEREAS, The Western Governors' Association maintains a protocol, which has been activated by the Governors of four western states, including Nevada, designed to engender cooperation in the siting of interstate transmission lines among the various states in the Western Interconnection; and

WHEREAS, The interests of the State of Nevada would be served by ensuring that Nevada's electric utilities are full partners in the establishment of the financial, physical and operational structure of new transmission lines in the West; and

WHEREAS, The interests of the State of Nevada would be served when the Legislature and the Governor provide clear, consistent policy guidance for the Public Utilities Commission of Nevada in matters related to the relative value of interstate transmission and the construction of local generation facilities; now, therefore, be it

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Public Utilities Commission of Nevada is encouraged to participate actively in discussions that seek to upgrade the electric transmission system in the Western Interconnection, with the specific goal that such discussions produce and accommodate regional solutions to growing demands for electric energy, and to accommodate Nevada's desire for a reliable, efficient network that provides market access to new generation sources; and be it further

RESOLVED, That such discussions should take place with other state utilities commissions through the National Association of Regulatory Commissioners and similar organizations, with transmission system developers and with developers of renewable and clean fossil generation systems both inside and outside of Nevada; and be it further

RESOLVED, That the State of Nevada should maintain four key objectives in these discussions:

1. Fair market access to new renewable and clean fossil generation;
2. A transmission infrastructure that will allow renewable generators in Nevada to serve Nevada and interstate customers;
3. Potential equity participation by Nevada's electric utilities both in the transmission system upgrades and in the renewable and clean fossil generation constructed; and
4. Electrical interconnection of the two investor-owned electric utilities in Nevada, Sierra Pacific Power Company and Nevada Power Company; and be it further

RESOLVED, That the Public Utilities Commission of Nevada is encouraged to coordinate its participation in such discussions closely with the regulated electric utilities, to seek their advice about provisions offered by other entities and to seek their assistance in the development of language that reflects the areas of agreement among other states including, as appropriate, public and private transmission providers; and be it further

RESOLVED, That the Public Utilities Commission of Nevada is further encouraged to open an investigatory docket to assess the extent to which the Nevada Revised Statutes and Nevada Administrative Code would need to be revised to implement proposed agreements among the parties to such discussions; and be it further

RESOLVED, That the Secretary of the Senate prepare and transmit a copy of this resolution to the Public Utilities Commission of Nevada.

