

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-fourth Session
June 1, 2007**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 9:18 a.m. on Friday, June 1, 2007, in Room 2135 of the Legislative Building, Carson City, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Joseph J. Heck
Senator Michael A. Schneider
Senator Maggie Carlton

STAFF MEMBERS PRESENT:

Gloria Gaillard-Powell
Kelly S. Gregory, Committee Policy Analyst
Wil Keane, Committee Counsel
Scott Young, Committee Policy Analyst
Lori Johnson, Committee Secretary

OTHERS PRESENT:

Fred Schmidt, Ormat Nevada Incorporated
Tony F. Sanchez, Acciona Solar Power
Judy Stockey, Nevada Power Company; Sierra Pacific Power Company

CHAIR TOWNSEND:

We are here today to deal with Assembly Bill (A.B.) 186.

ASSEMBLY BILL 186 (3rd Reprint): Revises various provisions relating to economic and energy development. (BDR 32-784)

CHAIR TOWNSEND:

There are two components we need to deal with in this bill. The first issue, in section 11, pertains to the increase in megawatts available for use by any individual from 150 kilowatts to 1 megawatt as provided for in Senate Bill (S.B.) 437.

SENATE BILL 437 (2nd Reprint): Revises provisions concerning generation and consumption of energy. (BDR 58-232)

The difference in A.B. 186 is that increase pertains to the Solar Energy Systems Demonstration Program Act which is a federal statute. The increase that would be allowed is raised from 570 kilowatts to 2 megawatts for schools. An additional safeguard component that talks about the Commission on Economic Development can take any individual school above 50 kilowatts, if it is practical for a specific school. We need to have a conversation about that.

Is anyone here to talk about section 10.3, which deals with the Commission on Economic Development's approval of applications by a business for a partial abatement? The Commission must provide the business with a laundry list of provisions and must also provide for audits and appeals. Before the audit report becomes public, the business may ask for a protection of proprietary information. It looks fairly clean to me.

FRED SCHMIDT (Ormat Nevada Incorporated):

This provision has been significantly modified from the original draft. Mr. Sanchez and Greg Ferraro, on behalf of Nevada Solar One Project in Boulder City, were the primary parties involved. My understanding is that with the language that now provides for audit requirements, we are all in agreement.

On the solar portion of A.B. 186, the difference between one megawatt to two megawatts for schools you have already noted. There is one other difference; the program is only listed as a demonstration program for three years. As passed in S.B. 437, the demonstration project makes it a permanent program at the one megawatt level.

TONY F. SANCHEZ (Acciona Solar Energy):

Mr. Thompson had expressed some concerns about the economic development process. If a new company comes in and obtains abatements for projects through existing statutory authority, he wanted there to be public hearings on

whether or not the company followed through on what it promised. That is being provided for through the audit process. We are fine with the language in this reprint.

CHAIR TOWNSEND:

The language looks good, and this is an important policy change. We had to narrow it down to either sales or property taxes for abatement purposes. I think it is important to provide for this accountability.

Ms. Stokey, would you care to comment on section 11 of the bill, both in the increase to two megawatts and subsection 4?

JUDY STOKEY (Nevada Power Company; Sierra Pacific Power Company):

We worked with the sponsors of this bill and have agreed to support an increase to two megawatts. I want to make sure that it is noted for the record that the additional cost will be approximately \$10 million a year for the 3 years. We do support the increase up to two megawatts.

CHAIR TOWNSEND:

In response to Senator Schneider's question, of whether all of these entities need to be subsidized, the answer is yes. You measure that subsidy against the benefits. In the case of the Clark County School District, the Nevada Power Company's second largest customer, they are trying to control their costs and yet provide a comfortable and conducive place of learning. This is a transition period but a nice step forward.

Senate Committee on Commerce and Labor
June 1, 2007
Page 4

CHAIR TOWNSEND:

We will address this bill on the back bar of the floor later today. Hearing nothing further, the Senate Committee on Committee and Labor is adjourned at 9:26 a.m.

RESPECTFULLY SUBMITTED:

Lori Johnson,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____