MINUTES OF THE
SENATE COMMITTEE ON COMMERCE, LABOR AND ENERGY

Seventy-sixth Session
March 7, 2011

The Senate Committee on Commerce, Labor and Energy was called to order by Chair Michael A. Schneider at 1:11 p.m. on Monday, March 7, 2011, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, 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 Michael A. Schneider, Chair
Senator Shirley A. Breeden, Vice Chair
Senator David R. Parks
Senator Allison Copening
Senator James A. Settelmeyer
Senator Elizabeth Halseth
Senator Michael Roberson

GUEST LEGISLATORS PRESENT:

Senator Sheila Leslie, Washoe County Senatorial District No. 1

STAFF MEMBERS PRESENT:

Scott Young, Policy Analyst
Matt Nichols, Counsel
Suzanne Efford, Committee Secretary

OTHERS PRESENT:

Debra Scott, M.S.N., R.N., F.R.E., Executive Director, State Board of Nursing
Susan S. VanBeuge, D.N.P., A.P.N., F.N.P.-B.C., Advanced Practice Nurses Special Practice Group, Nevada Nurses Association
Teresa Serratt, Ph.D., R.N., Co-chair, Legislative Committee, Nevada Nurses Association
Constance McMenamin, R.N., A.P.N., M.S.N, Nevada Nurses Association

Martha Drohobyczer, C.N.M., M.S.N., Nevada Nurses Association
Diane McGinnis, D.N.P., R.N., F.N.P., American Academy of Nurse Practitioners
Melinda Hoskins, M.S., R.N., C.N.M., I.B.C.L.B., Nevada Nurses Association
Rebecca Wagner, Commissioner, Public Utilities Commission of Nevada
Bob Tregilus, Feed-in Tariffs for Nevada, Electric Auto Association of Northern Nevada, Alliance for Renewable Energy
Robin Dechent, Feed-in Tariffs for Nevada
Randell S. Hynes, Managing Partner, Nevada Solar Authority
Ray Bacon, Nevada Manufacturers Association
Joe Johnson, Co-Chair, Legislative Committee, Sierra Club, Toiyabe Chapter
Kyle Davis, Policy Director, Nevada Conservation League
Megan Rice
Rose McKinney-James, The Solar Alliance; Barrick Gold of North America
Kathleen Conaboy, McDonald Carano Wilson LLP
Judy Stokey, Director, Government Affairs, NV Energy
Jack McGinley, Director, Renewable Energy Development, NV Energy
Ken Ruggiero, General Manager, American Patriot Solar Community
Chris Hallvik, Transition Reno
Susan Juetten, Great Basin Resource Watch
Eric Severance, Solar Venture Partners, LLC

CHAIR SCHNEIDER:
We will open the hearing on Senate Bill (S.B.) 205.

SENATE BILL 205: Requires national certification for a registered nurse to receive a certificate of recognition as an advanced practitioner of nursing. (BDR 54-84)

SENATOR SHEILA LESLIE (Washoe County Senatorial District No. 1):
I am presenting S.B. 205 on behalf of the Nevada Nurses Association (NNA) and advanced practitioners of nursing (APN). This bill requires national certification for APNs by professional specialty nursing organizations as a means of assessing the necessary skills and competence of a licensed registered nurse within established national criteria.

The certification validates APNs' specialized knowledge, skills and abilities against national standards. It will bring Nevada's regulation of APNs into compliance with the recommendations of the National Council of State Boards of Nursing. While the majority of Nevada's APNs already maintain national

certification, Nevada is one of just four states in the country that does not require national certification for licensure.

As of June 1, 2014, if this bill passes, applicants seeking a certificate of recognition as an APN in Nevada must be certified as an APN by a nationally recognized certification agency.

DEBRA SCOTT, M.S.N., R.N., F.R.E. (Executive Director, State Board of Nursing):
The State Board of Nursing (SBN) regulates registered nurses (RNs), licensed practical nurses, certified nursing assistants and APNs. The SBN is charged with ensuring APNs are competent to provide safe and quality primary care for the citizens of Nevada.

If this bill passes and we are held accountable to make sure APNs are nationally certified, we will be further ensuring the competence of APNs. The SBN supports S.B. 205, and I have submitted written testimony to that effect (Exhibit C).

SUSAN S. VANBEUGE, D.N.P., A.P.N., F.N.P.-B.C. (Advanced Practice Nurses Special Practice Group, Nevada Nurses Association):
I have submitted written testimony in support of S.B. 205 (Exhibit D).

TERESA SERRATT, PH.D., R.N. (Co-chair, Legislative Committee, Nevada Nurses Association):
I have submitted written testimony in support of S.B. 205 (Exhibit E).

CHAIR SCHNEIDER:
If I were a nurse practitioner, would I need any specific education?

DR. SERRATT:
You would have to have specific education, but you would not have to be nationally certified.

CONSTANCE MCMENAMIN, R.N., A.P.N., M.S.N. (Nevada Nurses Association):
Certification is important to me because it represents to my patients that I am maintaining and keeping up with continually evolving national standards and professional development. I support this legislative effort. Nursing is proactively setting and maintaining principles for nursing standards in advanced practice.

MARTHA DROHOBYCZER, C.N.M., M.S.N. (Nevada Nurses Association):
I am a certified clinical nurse specialist in psychiatry and a certified nurse midwife. My patients deserve to receive care from a health care professional who has proven her educational requirements, clinical experience and skill level have been assessed by a psychometrically sound examination.

The citizens of Nevada deserve a level of assurance that the APN from whom they seek care has attained this standard. An individual in Nevada should be able to expect a high level of care based on the certification requirement for education, clinical experience through clinical hours and a written examination.

After APNs are certified, they must continue to ensure competency every five years by submitting clinical hours, a minimal number of continuing education hours or a written examination for recertification.

This is not about bigger government or government interference in health care. It is about assuring a minimal level of effective care. I support the passage of S.B. 205.

SENATOR BREEDEN:
Why is July 1, 2014, the effective date of this bill?

DR. SERRATT:
That date allows those who are enrolled in an advanced-practice curriculum the opportunity to complete their education and then sit for their certification examination.

CHAIR SCHNEIDER:
How long does it take to obtain qualification under this new program?

DR. SERRATT:
In my written testimony, Exhibit E, I have provided a list of the certifying organizations and agencies. Each one has unique requirements to sit for the certification examination. Two certifying agencies require completion of the appropriate number of clinical hours in an advanced practice nursing program. Others require additional time in the clinical practice area to gain a specialty practice before sitting for the examination.

CHAIR SCHNEIDER:
How does an RN get the special training?

DR. SERRATT:
The RN must go back to school.

CHAIR SCHNEIDER:
Do they have to leave their nursing position?

DR. SERRATT:
Not necessarily. They can work and go to school.

DIANE MCGINNIS, D.N.P., R.N., F.N.P. (American Academy of Nurse Practitioners):
To practice in a hospital, you must have national certification. The American Academy of Nurse Practitioners supports S.B. 205.

MELINDA HOSKINS, M.S., R.N., C.N.M., I.B.C.L.B. (Nevada Nurses Association):
When I took my midwifery program, I chose national certification out of respect for my patients and pride in my profession. Certification is based on research-strengthened evidence about what is required for continuing qualification as a nurse practitioner. We have seen changes in practices, which did not require changes in state laws, because national organizations have reviewed qualifications for certification.

I support S.B. 205 because it means our practitioners will be more current than they have been in the past with only state certification.

CHAIR SCHNEIDER:
"Under full disclosure, my daughter-in-law is a nurse." However, I am voting on this bill.

We will close the hearing on S.B. 205.

SENATOR BREEDEN MOVED TO DO PASS S.B. 205.

SENATOR COPENING SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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CHAIR SCHNEIDER:
We will open the hearing on S.B. 184.

SENATE BILL 184: Requires the Public Utilities Commission of Nevada to establish the Renewable Energy Systems Development Program. (BDR 58-229)

CHAIR SCHNEIDER:
Long-standing legislative policy of encouraging development of renewable-energy resources has been paramount with this Committee. There are significant economic and environmental benefits to this policy. Nevada has a variety of tools to foster renewable-energy development: *Nevada Revised Statutes* (NRS) chapter 701B; demonstration programs; tax incentives; Nevada Institute for Renewable Energy Commercialization (NIREC); the University of Nevada System and the Desert Research Institute both conduct geothermal, solar, biomass and other programs.

Another economic development tool for renewable energy is Feed-In Tariff (FIT) which has been utilized by Germany, Spain and other countries. A few United States' jurisdictions have FITs, and others are considering them. Ontario, Canada, has also instituted a FIT. We should examine FITs for renewable development as additions to our State policy initiatives.

According to the 2009 study by the National Renewable Energy Laboratory (NREL) in Golden, Colorado, after Germany began its FIT in 1991, the country installed facilities generating more than 22,000 megawatts (MW) from wind power and more than 3,800 MW from solar power by the end of 2007. This resulted in 250,000 renewable-energy jobs at an average cost of $3.82 per household per month, accounting for 5 percent of their total average electricity costs.

Not all experiments with FITs were successful. Spain's program had an initial boom in solar installations, but the program was not properly constructed. Some incentives turned out to be too high. The program was interrupted, leading to disruptions in what had been a promising new industry for Spain.

As to S.B. 184 itself, most details of establishing a FIT would be delegated to the Public Utilities Commission of Nevada (PUCN). The Legislature does not have the expertise or time to work out all the details necessary to launch the FIT. However, the PUCN does have the time and talent to perform the task.

Additionally, hearing systems at the PUCN mobilize expertise and insight of all interested parties so multiple proposals can be advanced, thoroughly examined and debated. The result is a plan well suited to the particular needs of Nevada and its citizens. Once the PUCN completes the process and proposes regulations, the Legislature has an opportunity to review those regulations. If the Legislature decides corrections or modifications are needed, regulations can be sent back to the PUCN for additional work. While the bill leaves details to the PUCN, final determination of the appropriateness of the policy remains with the Legislature.

During the interim, as chairman of the Legislative Commission's Committee to Conduct an Interim Study on the Production and Use of Energy Committee, created by S.C.R. No. 19 of the 75th Session, I asked the PUCN to open an investigatory docket and review FITs.

REBECCA WAGNER (Commissioner, Public Utilities Commission of Nevada):
There are a couple of dockets we have worked on. The FIT docket was completed last spring and was presented to the Legislative Commission's Committee to Conduct an Interim Study on the Production and Use of Energy Committee, created by S.C.R. No. 19 of the 75th Session. The general summary from the docket was it is a policy decision to be considered by the Legislature, and we do have programs such as the Renewable Portfolio Standard (RPS), carried out by NV Energy under the aegis of the PUCN, and NV Energy's Renewable Generations Programs, which are working well.

Another docket opened last spring was to examine the impact of renewable energy on electricity rates. We are just finishing the docket, and I have provided an update on its status (Exhibit F).

Renewable energy does impact rates, but it is not the driving cause of high rates in Nevada. Keeping that in mind as you move forward, anything you do with any new program, whether it is a FIT, expanding NV Energy's Solar Generations, expanding net metering or increasing the RPS, there will be an impact. Right now, it is probably anywhere from $5 to $10 a month from the

Solar Generations Program on the average residential power bill. This is what we have concluded in our docket. We will have a PUCN-approved report by the end of March.

SENATOR SETTELMEYER:
What happens to a developer who has a FIT program contract and solar prices decrease? Will the developer be paid less, or the same, or will the contract be reevaluated?

MS. WAGNER:
Depending on how it is constructed, once there is a contract there will be no decrease or increase in payment. If the cost of solar goes down, the contractor will be paid based on the contract. It is determined by what is installed. There is a concern about setting anything too specific. In the course of a year, the cost of solar has gone down. It is difficult to try to legislate or regulate what the ideal amount would be for an incentive. This is a huge challenge for the PUCN, even in the Solar Generations Program.

SENATOR ROBERSON:
If these contracts are guaranteed and the consumers have to pay the contracts, why do renewable-energy developers receive a rate of return that must be higher than what the utility receives?

MS. WAGNER:
That is something specific to the bill. The intent behind having a rate of return higher than the utility's was to ensure that the installer was going to make a profit. I do not know the basis for the proposal.

SENATOR ROBERSON:
Would it be cheaper for the consumer to have NV Energy build these systems?

MS. WAGNER:
That would be another option. I cannot say if it would be cheaper or more practical. It would depend on the details. The best way to promote renewable energy at the lowest cost for ratepayers would be another option to consider, as would having the utility do more or continue some incentive programs and then encourage the utility to pursue it otherwise.

CHAIR SCHNEIDER:
Has there been a study on what the long-term economic impact would be? Jobs are created, other taxes are created and energy prices will not go up, as we are experiencing now, because of oil prices.

MS. WAGNER:
When we were delving into this docket, we looked at the economic impact and quantifying environmental benefits. It is beyond the scope of where I was comfortable, even with the expertise in the PUCN. We recognize there is an impact. I cannot tell you the dollar amount, but it is a positive benefit. I do not know if the impact is as significant as the $10 I am paying on my power bill.

BOB TREGILUS (Feed-in Tariffs for Nevada; Electric Auto Association of Northern Nevada; Alliance for Renewable Energy):
I have proposed an amendment to S.B. 184 (Exhibit G). One of the main attributes of a renewable-energy FIT is not only the contract and the guaranteed rate but also access to the grid or a "must-take" provision. The energy company "must-take" the energy and use it to prioritize the renewable energy onto the grid to offset more expensive energy. There are all sorts of different priced energy on the grid. The more expensive energy being offset by the renewable energy actually ends up with a benefit. This is called the "merit-order effect." We added a provision in the proposed amendment for grid access for system operators.

We are also proposing a provision to allow both government and electric service providers to participate in the program. In countries where this has been successful, everyone has been allowed to participate equally in energy production, including the utilities. The utility would get a little lesser rate or tariff than everyone else because they have access to the capital and the expertise to build the systems.

We are proposing a restriction on contract transferability to prevent endless trading of contracts before systems are actually built.

The way the rate is differentiated is important. In the bill as it is written, there is rate differentiation by technology, and there is rate differentiation by project size. However, there should also be rate differentiation on resource quality as well as rate differentiation based on location. This is another provision in our proposed amendment.

We are proposing to restrict the contract length to 20 years or less. Twenty-five years might be okay for solar applications, but there should be flexibility for the PUCN to make contract lengths less. Some of the renewable technologies with higher capacity factors do not require nearly as long to realize a rate of return on the operator's investment.

Also, there should be a mandate that the program create predictability and longevity rather than rapid growth. When a renewable-energy program sells out in 30 minutes, or a couple of days, or even a week or two, that is considered a program failure. There should be some predictability about where the program is open and where people can go to apply.

The return on investment should definitely be less than what the utility is guaranteed. With the FIT, the idea is not to make people rich, but to move volume and build capacity. Rates are set so operators, if they keep their system running correctly, will realize a 6 percent to 10 percent return on their investment.

The PUCN should have flexibility to decide whether tradable renewable-energy credits (RECs) are retained by system operators or forfeited to the utility. There should be two tariff-rate tables, one retaining the portfolio energy credits (PCs) and one releasing the PCs to the utility.

The archaic terms "standard offer" and "standard-offer contract" should be replaced with "clean local energy accessible now" (CLEAN) contract. The contracts should be standard and simplified.

SENATOR ROBERSON:
Section 17 of the bill provides that the State is not responsible for the costs, damages or electrical issues. Who is responsible for the consumer side?

MR. TREGILUS:
The system owner is responsible.

SENATOR ROBERSON:
The facilitator is responsible.

MR. TREGILUS:
I am not totally familiar with the facilitator. When I read this in the bill, I was concerned about it, but in talking with experts, it was determined the facilitator would be a good idea because it would take the pressure off the utilities. It would also provide more transparency. If anything causes damage to the utility's system, the system owner is responsibility.

SENATOR ROBERSON:
Where is that mentioned in the bill?

MR. TREGILUS:
I do not see where it is mentioned but, this would be a good addition to the bill. Perhaps there could be a workshop on this bill.

This is a viable program because it has been successful in other countries when properly designed. It also gives us the opportunity to provide a program within a gap, between 100 kilowatts (kWs) to 3 MWs, where there are no existing programs. This is where we can insert a new program to incentivize all of the renewable-energy technologies.

It is important to understand the difference between net metering and a FIT. Net metering is retail energy compensated for at retail price. Built into the retail price is all of the utility's overhead. Net metering offsets on-site loads so the meter runs backwards. The utility is losing customers, which places the burden onto other customers.

The FIT is wholesale energy. It is compensated at a wholesale rate and has different tax and accounting implications. It helps keep the impact on ratepayers down. Feed-in Tariffs are the most cost-effective ways to deploy renewable energy. At wholesale, it is not net metered. It is metered separately from the on-site load. There does not even have to be an on-site load. This is important where there are net-lease agreements. The people under the roof are responsible for paying for the power at the location. There is no reason for the building owner to do anything with generating energy on their roof. This would give a building owner who has vacant property an opportunity to earn income on the property.

With respect to the other technologies, such as landfill gas, there is no real load at a landfill. With net metering, you could not do landfill gas. This opens up a

whole range of new technologies which bring on board a whole value chain of different contractors, distributors and manufacturers.

This is the sort of program that excites manufacturers. The program could be a pilot program to try out against the other programs. It could be used as a marketing tool for Nevada. It is cutting edge policy and technology. I have also submitted a "Green-Jobs Paper" on FITs (Exhibit H).

ROBIN DECHENT (Feed-in Tariffs for Nevada):
The incentives in existence are very limited for renewable energies. There is a huge gap between people who could use this type of renewable energy and the potential in Nevada. I have submitted a written statement in support of S.B. 184 (Exhibit I).

RANDELL S. HYNES (Managing Partner, Nevada Solar Authority):
I have submitted written testimony regarding S.B. 184 (Exhibit J).

The first part of my presentation focuses on establishing the total value of electricity from renewable-energy systems (RES) (Exhibit K). In the current energy market, the total value of electricity is established through a handful of methods:

1. The wholesale rate plus the PCs from small generator interconnect (SGI) or large generator interconnect (LGI) systems.
2. The retail value plus PCs from individual net-metering connections.
3. The competitive retail rate plus PCs from third-party net-metered connections.
4. Retail open access, which is outside the scope of this discussion.

Wholesale rates are established by the Federal Energy Regulatory Commission (FERC). This can be accomplished on an individual contract basis whereby the PUCN and the utility petition to have an individual contract rate established. There are also wholesale tariffs or qualifying facility (QF) tariffs. A qualifying facility is a renewable plant between 1 and 80 MWs or a cogeneration plant of any size.

There is a wholesale QF tariff which pays 4 cents per kilowatt hour (kWh) for a 30-year contract or the Dow Jones daily energy market rates which average 5 cents to 6 cents per kWh. It is based on the QF avoided costs. Avoided costs are the actual rates the utility avoids from buying electricity using all types of

fuels, including buying electricity off-the-grid. According to a recent FERC ruling, utilities can use renewable energy to get the avoided cost.

Net-meter connected systems give end users a value equal to the retail costs avoided by generating electricity on-site. The value varies from 7.5 cents to 12 cents per kWh, depending on whether its use is commercial or retail. When a system produces more electricity than can be used on-site, there is a permanent "Net Excess Generation" (NEG) credit. End users receive the NEG back at the same rate they would have normally paid for it.

The competitive retail rate is a power-purchase agreement negotiated with a retail rate competitive with the utility. A third party installs the system and connects it by net metering without any cost to the end user. The end users pay the third party for the electricity generated by the system, and the third party retains PCs. The PCs are eligible for purchase toward their RPS by NV Energy. This method has been underused because the rate for the PC and the schedule and longevity of payment for PCs are unknown.

The standard offer contract contained in this bill proposes that a facilitator will buy electricity generated from a new RES at a wholesale rate and then sell it to the utility creating a retail sale. This method might result in legal challenges and scrutiny by FERC.

The industry proposes to abandon the facilitator method and leave wholesale rates as they are. Feed-in tariffs attempt to raise the wholesale rate paid for RES. Since we do not have the full capability of doing that at the state level, this is a federal regulatory issue. We should leave the wholesale rate alone. We should create a total value for the electricity based on whatever the wholesale or retail rates are now. A value for the PC could then be established by a standard contract. This would require a process strengthening the existing portfolio standard laws.

The next section of my presentation deals with enhancements to the NRS (Exhibit L) regarding RPS, PC, Temporary Renewable Energy Development (TRED) and the RES.

The portfolio standard was established in 1997 and requires that a certain percentage of an electric utility's retail sales come from renewable energy.

Utilities may construct their own RES or buy PCs earned from RES built in Nevada or elsewhere.

In 2009, the portfolio quota was 12 percent of total retail sales. NV Energy missed the portfolio quota by 1 billion PCs, borrowed 500 million PCs from Sierra Pacific Power Company and was fined $192,000 for the shortfall. The PUCN waived the fine in favor of spending it on a school solar photovoltaic (PV) system. At NV Energy's default offer rate to individual system owners at 5.5 cents per PC, compliance would have cost the TRED trust $27.5 million. The discrepancy between the fine and what it would have ultimately cost NV Energy is quite wide.

The portfolio quota in 2010 was the same as in 2009. The 2009, 500 million PC shortfall was carried over and added to the 2010 quota. The 2010 portfolio standard compliance report should be submitted to the PUCN by April 1, 2011. NV Energy projected that in 2010, they would buy 1,490,000,000 PCs from out-of-state systems thought to be feeding into Nevada.

The portfolio quota for 2011 is 15 percent of total retail sales. This year, the 11.25 percent of the 28 billion kWhs sold to retail customers—which is 3,150,000,000 kWhs—must come from renewable energy. A PC is equal to a kWh. Individual system owners and independent power producers, by standard contract, would be competing for 3,150,000,000 PCs. We are proposing to compete for the number of PCs actually available by RPS. By law, we have established the RPS percentage. The cost can be easily calculated. Looking at the 11.25 percent at the 5.5 cent default rate, the cost for the RPS in 2011 would be $173 million. This is the amount to be passed on to the ratepayers. In 2011, any shortfall from 2010 will be added to the 3,150,000,000 PCs.

The system of PCs, which was enabled by statute and is regulated, is the system for measuring the bonuses earned by RES. Portfolio energy credits are units used to measure utilities' compliance with the RPS. One kWh of electricity generated by an RES equals one PC. It is a value for intangible "green attributes" that can be sold separately from electricity. It is often confused with net-excess generation credit of a net meter connected system.

A system owner reports system output to the PUCN via the Website <http://www.nvtrec.com>. A utility can make offers for PCs registered on

<http://www.nvtrec.com>. The Website and the system of PCs have never been publicized or standards offers established.

Utilities can buy REC from <http://www.wregis.org>, a regional tracking site used by some states. One thousand PCs equal one REC. Renewable-energy credits are also referred to as Tradable RECs, Green Tags, Solar RECs, REC Certificates and "WREGIS Certificates." NV Energy uses <http://www.wregis.org> to buy out-of-state RECs.

The standard offer adds certainty. The utility determines the schedule and the rate and whether or not to make an offer for PCs. The NV Energy default offer rate for PCs from distributed solar is 2.5 cents times 2.4, the solar multiplier, and 5.5 cents for all other RES.

The TRED program is a trust fund to buy renewable energy and PCs on a contract. It is intended to support utility creditworthiness. Each NV Energy bill includes a TRED charge to collect funds for each kWh at a fraction of a penny. The proceeds are deposited into the TRED trust fund.

In northern Nevada, the TRED charge is $0.00123 times the projected number of kWhs, 8,110,000,000. The funds raised would be $9.9 million. In southern Nevada, the TRED charge is $0.00078 times the projected number of kWhs, 20,870,000,000. The funds raised would be $16.2 million. The projected total for 2011 is $26 million.

The proposed definition of an RES is a facility or energy system using renewable energy or energy from a qualified energy recovery process to generate electricity and uses the electricity in this State, or a delivery of energy from out of state to a Nevada utility and net metering systems. The definition of what constitutes delivery to Nevada is troubling.

There is a way to modify existing statutes to determine a total value of electricity. This will allow us to give independent power producers, and those Nevadans wishing to install individual systems, a way to know the value of the PC, how often they would be paid—we would propose quarterly—and for how many years they would be paid. Page 4, line 6 of S.B. 184 says 25 years, but feedback from the industry indicates the best solution would be a 20-year contract with accelerated payments over 10 years. The PC rate would be

established, the total amount would be paid within 10 years and then the utility would retain those PCs to apply to their RPS over the entire 20-year contract.

I have also submitted a "Solar Industry Primer" (Exhibit M), explaining terms and facts that are important to know as we move forward with the establishment of a renewable-energy policy in Nevada.

RAY BACON (Nevada Manufacturers Association):
There is a way to use FITs to drive down the long-term cost of energy which will be beneficial to utilities and ratepayers. Things should be prioritized: A base rate should be set, all energy producers should compete on the open market and factors should be reviewed to determine if there is a renewable-energy source or a cogeneration plant. Several states allow natural gas to be considered renewable if it is in a cogeneration operation. We are one of the states that do not. There are potential large industrial operations which would look at that. Second, what is the nature of the power? Is it 24-hour power, is it time-of-day power or is it time-of-operation power? The third factor should be proximity to load. The fourth factor should be proximity to generation. For example, if a huge solar field were to be installed in Gabbs, where there is not much of a load and no transmission lines, this would be of limited value to the utility. However, if the same facility were to be installed in Lund, where there is a transmission line, then all of a sudden you have a way to move the energy.

How much of the power is used for load on-site and how much of the power goes to the grid? A formula containing these factors can ultimately start driving down all the long-term acquisition costs roughly to the cost of natural gas generation. It would tend to stabilize utility rates, if not reduce them.

JOE JOHNSON (Co-Chair, Legislative Committee, Sierra Club, Toiyabe Chapter):
We support this bill and the proposed amendment, especially the change in the policy statement in section 13, subsection 6, paragraph (c). The bill establishes a policy direction for the PUCN. It will facilitate the reduction in transitional costs.

KYLE DAVIS (Policy Director, Nevada Conservation League):
We support S.B. 184. We would like to bring to your attention a group called the "Conservation Priorities for Nevada." It is a coalition of 17 conservation and environmental groups from throughout the State. This bill meets criteria for our renewable-energy priority and moves us toward a performance-based standard

for renewable energy that actually pays for the energy actually produced rather than rebating on a nameplate capacity or any other kind of rebate mechanism.

MEGAN RICE:
I would like to express the concerns of the "Elders." I hope with this excellent planning and moving forward in the preservation of renewable energy, you would consult our native people. I am aware of what has been happening at the Nevada Test Site for more than 30 years. I saw the beginnings of the request for this kind of research and the transformation of the Nevada Test Site into renewable-energy research as far back as 1988. It is heartening to see that such real progress has been made in those years.

I would like to bring forth the suggestion that there be a serious consultation with the leaders of the Native American stewards of the land, the Western Shoshone National Council, Paiutes and others like the Indigenous Environmental Network. We need the input for the real values and the real turnabout which needs to accompany and underlie any changes. The effort is not basically economic; it is preservation of the planet. This is the one priority of the entire planet right now. We are in a very critical situation. This bill addresses the most urgent priority on the planet, not just of the United States and the state of Nevada.

I encourage you to see how important this bill is, especially from the viewpoint of the indigenous people, who are the wisest people of today. There needs to be a turnabout. We need to reduce the economic struggle for advancement. If we can do that, making the proper cuts from the defense industry especially, you could fund this whole endeavor by reducing the monstrous budget for the defense industry.

ROSE MCKINNEY-JAMES (The Solar Alliance; Barrick Gold of North America):
I have submitted a statement on behalf of The Solar Alliance (Exhibit N). The Solar Alliance has taken the position of supporting any tool that is going to advance the deployment of solar energy in a fashion that does not disrupt or unduly impact the policies already in place.

Barrick Gold of North America left the system some time ago. They are identified in NRS as a "704B customer." They are the only entity that has left the system and generates power on its own. They are considered a provider of power consistent with a utility. Any impact this bill has on a utility would also

impact Barrick. I would like to have a conversation with Barrick to determine their position on this bill.

KATHLEEN CONABOY (McDonald Carano Wilson LLP):
Our law firm has a broad array of renewable-energy clients, some of whom are affiliates of international companies with experience with FITs in the European market. We are not familiar with the concept of the facilitator as outlined in S.B. 184, but some of our clients are familiar with the impacts of FITs in international markets and in some states which include FITs in their renewable policies framework. We would like to be included in any workshops to allow our clients to share both the positives and the negatives they have experienced in Europe.

CHAIR SCHNEIDER:
Do you represent a client from Spain?

MS. CONABOY:
One of our clients is a company that is an affiliate of a conglomerate in Spain.

CHAIR SCHNEIDER:
Would they be willing to come here and share with us some of the shortfalls and the positives that occurred in Spain?

MS. CONABOY:
Yes, they would be happy to.

JUDY STOKEY (Director, Government Affairs, NV Energy):
I have prepared a written statement on S.B. 184 (Exhibit O).

JACK MCGINLEY (Director, Renewable Energy Development, NV Energy):
In the late 1980s, due to federal law, we had a standard-offer contract process. That policy led to some extremely high-priced contracts which we still have today. Three of our most expensive contracts in Las Vegas are a result of that policy. In 1989, we went to a market-based approach which we have been using ever since. It allowed us to buy power. People were competing for our business, which lowered the price. We had posted avoided costs and we had the same companies bidding in a competitive solicitation. The results were that, through the competitive solicitation, we receive power from the same power plants at about 30 percent less the price.

SENATOR SETTELMEYER:
What happens if you lock yourselves into a price, and then a year from now the price drops 25 percent to 30 percent? Do you continue paying the contract price?

MR. MCGINLEY:
Yes, we are locked in. This is the problem we have with those contracts from the 1980s. We are still paying on those contracts at a set price. If we locked in a price today, the price would continue. Prices have dropped 60 percent in PV solar panels, and they are expected to decline even further.

KEN RUGGIERO (General Manager, American Patriot Solar Community):
The rebate program is a "double-edged sword." It allows a customer to install solar power at a reduced price, but it stifles the growth of the entire industry, especially on the residential level. Everyone is waiting for the rebate. There is no consistent policy. The result is there is a "start and stop" within the industry.

I am very much in favor of FITs because they are easy to work with and have worked well in Europe. There needs to be some consistency in this market. If this bill is not the way to achieve this, then the rebates should be clearly defined somehow. We need to build this industry on the residential level. It brings many jobs.

CHAIR SCHNEIDER:
This bill is the middle measure between what is now in place and what might be in the future; hopefully, it will fill the gaps.

CHRIS HALLVIK (Transition Reno):
I support this bill because I am seeking a career in renewable energy. This would open the door for a lot of unemployed electricians. Nevada is in need of a new economy and has a great potential for renewable energy.

SUSAN JUETTEN (Great Basin Resource Watch):
Great Basin Resource Watch (GBRW) supports S.B. 184. I have submitted written testimony on behalf of John Hadder, Director of GBRW (Exhibit P).

ERIC SEVERANCE (Solar Venture Partners, LLC):
We support well-developed FIT policies and programs as defined in S.B. 184 because:

1. Nevada can and should be a leader in renewable energy and specifically needs to attract investment capital to these kinds of initiatives.
2. Programs such as net metering are not enough. We need more incentives to meet our goals and stimulate this market.
3. We need programs as defined in S.B. 184 to encourage diversity so small, medium and large players can participate. Such programs can help reduce the overall cost of renewable-energy development by reducing investment risk. The stability and predictability of FIT programs makes it more likely that investors will provide financing, making more capital available for renewable-energy development. This spurs economic development and creates local jobs.

With all of its natural attributes, Nevada could not be in a better position for renewable energy. Senate Bill 184 is an excellent way for Nevada to invest in its future and be a real leader in renewable energy. I have also submitted a written statement on S.B. 184 (Exhibit Q).

CHAIR SCHNEIDER:
We will be working on this bill in the future. Having no further business, the Senate Committee on Commerce, Labor and Energy is adjourned at 3:06 p.m.

RESPECTFULLY SUBMITTED:

Suzanne Efford,
Committee Secretary

APPROVED BY:

Senator Michael A. Schneider, Chair

DATE:

EXHIBITS			
Bill	**Exhibit**	**Witness / Agency**	**Description**
	A		Agenda
	B		Attendance Roster
S.B. 205	C	Debra Scott	Written testimony
S.B. 205	D	Susan VanBeuge	Written testimony
S.B. 205	E	Teresa Serratt	Written testimony
S.B. 184	F	Rebecca Wagner	PUCN docket on Renewable Energy
S.B. 184	G	Bob Tregilus	Proposed amendment
S.B. 184	H	Bob Tregilus	A “Green Jobs Paper”
S.B. 184	I	Robin Dechent	Statement in support
S.B. 184	J	Randell S. Hynes	Letter
S.B. 184	K	Randell S. Hynes	Presentation
S.B. 184	L	Randell S. Hynes	Presentation
S.B. 184	M	Randell S. Hynes	Solar Industry Primer
S.B. 184	N	Rose McKinney-James	Solar Alliance policy recommendation
S.B. 184	O	Judy Stokey	Written testimony
S.B. 184	P	Susan Juetten	Great Basin Resource Watch
S.B. 184	Q	Eric Severance	Written statement