

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

**Seventy-Eighth Session  
June 1, 2015**

The Senate Committee on Commerce, Labor and Energy was called to order by Chair James A. Settelmeyer at 9:17 p.m. on Monday, June 1, 2015, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 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 James A. Settelmeyer, Chair  
Senator Patricia Farley, Vice Chair  
Senator Mark A. Manendo  
Senator Kelvin Atkinson  
Senator Pat Spearman

**COMMITTEE MEMBERS ABSENT:**

Senator Joe P. Hardy (Excused)  
Senator Becky Harris (Excused)

**STAFF MEMBERS PRESENT:**

Marji Paslov Thomas, Policy Analyst  
Dan Yu, Counsel  
Patricia Devereux, Committee Secretary

**OTHERS PRESENT:**

Richard Perkins, Wynn Resorts  
Tony Sanchez, NV Energy  
Kyle Davis, Interwest Energy Alliance  
Robert Johnston, Counsel, Western Resource Advocates  
Joe Johnson, Sierra Club

**Chair Settlemeyer:**

I will open the hearing on Assembly Bill (A.B.) 498.

**ASSEMBLY BILL 498**: Revises provisions relating to electric utilities. (BDR 58-1297)

**Richard Perkins (Wynn Resorts):**

I am here to advocate for A.B. 498. Passage of S.B. No. 123 of the 77th Session drastically changed the energy policy in Nevada. The changes required certain coal-fired generation assets to be retired and specific replacement capacity, which the utility was entitled to contract, acquire or build. Much has happened during the last 2 years, including the sale of the utility, and the possible withdrawal of large rate users from the utility service. After reassuring the replacement capacity needs of the utility, it became apparent that the generation capacity is not needed as quickly as mandated by S.B. No. 123. Continuing to increase capacity at this time could be harmful to ratepayers.

The Public Utilities Commission of Nevada (PUCN) should be given more oversight of the elements listed in S.B. No. 123 of the 77th Session. Assembly Bill 498 would provide the needed oversight by removing the hard dates by which certain replacement capacities required to be contracted for, constructed or acquired, and authorizing the PUCN to determine the need before approving such capacity. The PUCN is well-equipped to determine a need for capacity and does so regularly through existing regulatory framework.

Assembly Bill 498 would use the existing regulatory framework for determining the need for new capacity to ensure future capacity development is in the best interest of ratepayers. This bill does not change the policy goals of making Nevada a green State and does not jeopardize the ultimate replacement capacity that will be authorized. The bill provides the PUCN with the ability to protect ratepayers by analyzing the future capacity needs as the energy environment continues to change.

I have the authority to speak on behalf of several large ratepayers, including Switch Communications, Inc., Las Vegas Sands Corporation, MGM Resorts International, Boyd Gaming Corp., Caesars Entertainment Corp., and Station Casinos LLC, all of which support A.B. 498.

**Tony Sanchez (NV Energy):**

NV Energy supports A.B. 498. Several of NV Energy's largest customers have filed through a procedure established under A.B. No. 661 of the 71st Session to cancel service from NV Energy, which will cause approximately 370 megawatts of load to leave the NV Energy system. This same group of customers has requested to allow the PUCN more flexibility to fulfill the final portions of S.B. No. 123 of the 77th Session. There are three remaining elements that have not been implemented, which include a 100-megawatt request for proposals (RFP) that is scheduled to be issued in 2016; 50 megawatts of company-owned renewable generation, 15 megawatts has been completed, with 35 megawatts remaining; and 54 megawatts of nameplate capacity that has recently been submitted on a RFP.

To be responsive to the NV Energy customers, we agreed with their proposal to allow the PUCN flexibility in determining when there is a need for the remaining projects. We have completed several components of S.B. No. 123 of the 77th Session, including the Nellis Air Force Base Solar Power Plant project, which is in its final stages; the Reid Gardener Generating Station coal units 1, 2 and 3 have been closed, and unit 4 is scheduled to be closed in 2017; we will be exiting the coal-fueled Navajo Generating Station in 2019; and two of the three 100-megawatt renewable RFP have been issued to be filed with the PUCN in July through our integrated resource plan.

The revisions to this legislation are not intended to alter items that are in process; therefore, the two requests for proposals will not be affected. This bill will not alter the standards the PUCN has to review the results of the RFP. It is fair for the PUCN to have the flexibility to review the remaining components.

**Kyle Davis (Interwest Energy Alliance):**

Interwest Energy Alliance is in opposition to A.B. 498. It is unnecessary for this legislation to be enacted. Components of S.B. No. 123 of the 77th Session are being implemented very well. We have seen the cost of solar decrease and expect the costs identified for the first two 100-megawatt RFP to be low; therefore, we have no need for A.B. 498. There is no provision in A.B. 498 to keep large ratepayers from leaving the energy system, so that goal is unfounded.

The intent of A.B. 498 is only to see if the larger ratepayers actually want to leave the system, while Nevada would be denied the economic development of

the jobs that would come from continuing construction. The PUCN already has the authority to approve or deny projects and has already done so with the Moapa Valley project. Need is the only factor the proponents can consider.

There are different definitions of what is needed and why any aspect is needed, yet it does not consider other factors, such as fuel diversity or emission reduction. Section 1, subsection 2 puts the status of the two 100-megawatt projects at risk due to the language in paragraph (b), subparagraph (3) that states the RFPs are to be reissued. We should continue to let the policies enacted last Session function.

**Robert Johnston (Counsel, Western Resource Advocates):**

Western Resource Advocates believes A.B. 498 is unnecessary and opposes this bill. Under existing law, the PUCN was given authority to approve or deny any contract. The PUCN has the ability to make decisions based on potential costs to ratepayers, the greatest economic benefit to the State, the greatest opportunity to create new jobs and the best value to customers. There is no additional discretion or concern needed for the PUCN to fulfill its duties.

Another concern, although it may not be intended, is that this bill could constrain the PUCN consideration of new renewable resources. Language in A.B. 498 provides for demonstration of the need for new electric generating capacity. That language is not in the existing resource planning statutes of Nevada. This could be strictly interpreted to prohibit the addition of new renewable resources that may be needed for fuel diversity and reduction of carbon emissions. This new language could be interpreted to focus strictly on additional generating capacity.

Nevada has a large dependence on natural gas generation. The intent behind current legislation was to ramp down coal generation and ramp up the renewable generation. The Committee must take careful consideration in passing A.B. 498, realizing it could constrain the PUCN consideration of resources that would result in the least cost plan going forward.

**Senator Atkinson:**

Does A.B. 498 create an environment for customers to leave the energy grid?

**Mr. Davis:**

There is nothing in the language of A.B. 498 that would prevent large customers from leaving the system.

**Senator Atkinson:**

Is the intent of A.B. 498 to keep customers from leaving? Have you spoken with the proponents regarding your opposition?

**Mr. Davis:**

I have spoken with the proponents, and it is not clear why the bill is necessary.

**Joe Johnson (Sierra Club):**

The Sierra Club opposes A.B. 498 for the same reasons stated by the other opposing testifiers.

**Chair Settlemeyer:**

I will now close the hearing on A.B. 498 and entertain a motion on the bill.

SENATOR ATKINSON MOVED TO DO PASS A.B. 498.

SENATOR SPEARMAN SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

\* \* \* \* \*

Senate Committee on Commerce, Labor and Energy  
June 1, 2015  
Page 6

**Chair Settlemeyer:**

As there are no comments or further business to discuss, the meeting is adjourned at 9:32 p.m.

RESPECTFULLY SUBMITTED:

---

Renee Fletcher,  
Committee Secretary

APPROVED BY:

---

Senator James A. Settlemeyer, Chair

DATE: \_\_\_\_\_

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster