

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation Regarding Creation of Energy Imbalance Market And Request For Comments ) Docket No. 11-04025  
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**Comments of the Vote Solar Initiative (Vote Solar), Clean Energy Project (CEP), American Wind Energy Association (AWEA), Geothermal Energy Association (GEA), Interwest Energy Alliance (Interwest), the Center for Energy Efficiency and Renewable Technologies (CEERT), and the Large Scale Solar Association (LSA) (together the "Renewable Energy Advocates") on the Investigation Regarding Creation of an Energy Imbalance Market and Request for Comments**

The Vote Solar Initiative (Vote Solar), Clean Energy Project (CEP), American Wind Energy Association (AWEA), Geothermal Energy Association (GEA), Interwest Energy Alliance (Interwest), the Center for Energy Efficiency and Renewable Technologies (CEERT), and the Large Scale Solar Association (LSA) (together the "Renewable Energy Advocates") respectfully submit their comments to the Nevada Public Utilities Commission pursuant to the Notice of Investigation Regarding Creation of Energy Imbalance Market and Request for Comments dated May 11, 2011.

The Renewable Energy Advocates include renewable industry trade organizations (AWEA, GEA, LSA), nonprofit renewable energy policy advocates (Vote Solar, CEP) and renewable industry - environmental partnership organizations (Interwest, CEERT), all of which promote policies, regulations and laws that support the sustainable development and growth of renewable energy generating technologies. All of the individual organizations are actively involved in regional transmission planning at some level and representatives of three of these organizations (Vote Solar, GEA, Interwest) are members of the Western Electricity Coordinating Council's (WECC) Scenario Planning Steering Committee (SPSG)<sup>1</sup> and are actively engaged in regional transmission planning and scenario development. The organizations have also been closely following the development of the proposed regional Energy Imbalance Market (EIM) being studied by WECC, the Western Interstate Energy Board, and Western Governor's Association.

<sup>1</sup> The SPSG was created under a grant from the US Department of Energy as part of the Regional Transmission Expansion Project. The SPSG provides input and guidance to WECC via the Transmission Expansion Planning and Policy Committee on 10- and 20-year regional transmission plans, the first of which will be submitted to DOE in October 2011.

1           The Renewable Energy Advocates commend the Commission on its foresight and  
2 leadership on the issue of an EIM. We believe this to be the first investigation by a  
3 commission in the western United States on this issue and support the through evaluation  
4 of the benefits and costs to help inform the decision to join or not join an EIM.

5           Energy imbalance markets exist in many regions of the country and the world in a  
6 variety of different forms. The benefits of regional imbalance markets are well  
7 documented, including, but not limited to the following:

- 8           1) More efficient use of the transmission system;
- 9           2) More efficient dispatch of generating resources;
- 10          3) Greater ability to integrate renewable generating resources;
- 11          4) Reduced reserve requirements;
- 12          5) Lower cost for balancing loads and resources;
- 13          6) Improved system reliability; and
- 14          7) Reduced potential for firm load curtailment.

15          The Renewable Energy Advocates recommend that the Commission's investigation  
16 center on quantification of the potential benefits and costs of the state's two balancing  
17 authorities<sup>2</sup> (BAs) joining a regional EIM, as well as the costs and benefits of not joining  
18 the EIM. For example, the investigation should seek to understand whether NV Energy  
19 can cost effectively integrate in-state renewable resources without participating in EIM  
20 and compare costs with and without the EIM. It should also evaluate long-term costs and  
21 potential forfeited benefits should a regional EIM go forward without NV Energy's  
22 participation.

23          The investigation should consider existing and planned generating resources and  
24 transmission assets and how those resources could be better utilized, which resources  
25 could be offered into an EIM, which resources may no longer be needed, as well as the  
26 potential impact of retiring older generating resources sooner than is currently planned and

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<sup>2</sup> Although they merged in 1999 and began doing business as subsidiaries of the holding company NV Energy in 2008, Sierra Pacific Power Company and Nevada Power Company continue to operate separate balancing areas as of this writing. In these comments, references to NV Energy are intended to apply to balancing areas operated by both subsidiaries.

1 the resulting savings to ratepayers. The analysis should not be limited to strictly ratepayer  
2 costs and benefits but should also include and evaluation of the reliability benefits, such as  
3 the ability to automatically identify and dispatch reserve generation and transmission  
4 during system events, and societal benefits, such as advancing the state's goals of  
5 developing native renewable energy resources for export and the resultant economic  
6 benefits and job growth potential.

7 The Renewable Energy Advocates believe a regional EIM will help create a larger  
8 market for renewable energy throughout the West, primarily resulting from the ability to  
9 integrate variable generating resources over a broader geographic area. In keeping with  
10 Nevada's goal of developing an export market for renewable energy, we suggest the  
11 investigation look at any operational or transmission constraints on expanding renewable  
12 energy exports that could be relieved through implementation of an EIM. Nevada has  
13 plentiful renewable resources and could potentially be a supplier of clean energy  
14 throughout the western interconnection.

15 Renewable Energy Advocates suggest this investigation result in an order requiring  
16 an independent study of the short term (three to five years) and long tem (ten to twenty  
17 years) costs and benefits, including the aforementioned reliability and societal benefits, of  
18 NV Energy joining and not joining an EIM. We strongly encourage transparency and  
19 stakeholder input in any such study. In addition to NV Energy, Commission staff, State  
20 Office of Energy staff, renewable energy, environmental, consumer, and tribal advocates,  
21 independent transmission developers, and other stakeholders, we also encourage the  
22 Commission to seek input from the National Renewable Energy Laboratory (NREL) and  
23 Western Interstate Energy Board. The stakeholder group should be tasked with vetting  
24 assumptions and methodologies used in the analysis to ensure the broad costs and benefits  
25 are appropriately considered.

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1 Further, the Renewable Energy Advocates suggest the Commission consider  
2 requiring NV Energy to include an analysis of costs and benefits of participation in or  
3 abstention from an EIM in other dockets, filings or proceedings, including, but not limited  
4 to the utilities' triennial resource plan and subsequent rate cases, in which the Commission  
5 can consider whether excess costs of non-participation, if any, should be included in rates  
6 as well as the potential impact on time-of-use rates for participating in an EIM. We  
7 believe this to be entirely within the authority of the Commission to ensure Nevada  
8 ratepayers' interests and pocketbooks are being protected.

9 Finally, the investigation should evaluate the potential role and authority of state or  
10 federal regulatory agencies, the Governor or state legislature in determining whether NV  
11 Energy's participation in an EIM is in the best interest of ratepayers and citizens of the  
12 State of Nevada, given the potential for broader societal benefits.

13 Creating a regional EIM is a non-trivial endeavor, but the potential benefits merit  
14 serious consideration and study. In addition to the general issues and comments  
15 previously discussed, the Renewable Energy Advocates suggest the investigation consider  
16 the following questions:

- 17 1) What is the minimum threshold level of participation from other BAs, in  
18 size, contiguity, number and characteristics of each, required for benefits to  
19 accrue to Nevada? How do various BA participation scenarios affect the  
20 state's capability to export renewable energy, and the cost of renewable  
21 integration associated with that energy?
- 22 2) What specific modifications are required for NV Energy's operating  
23 procedures, software, systems, etc. for joining an EIM? What are the  
24 potential costs and what proportion of those costs are appropriately  
25 attributable to joining an EIM (i.e., will any potential upgrades

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benefit NV Energy in other areas and where changes or upgrades planned or needed already)?

- 3) What are the requirements for a BA to join an EIM and how prepared are the state's BAs for joining an EIM? What would need to be done, at what cost and in what timeframe, to join a west-wide EIM?
- 4) What method could be used to track costs and benefits of participating/not participating in an EIM? How does the Commission insure that only proportional costs are allocated to costs of participating in an EIM?
- 5) What are the potential impacts on NV Energy's generating resources and transmission assets as a result of joining or not joining an EIM? What are the expected costs and savings under each scenario?
- 6) What resources do the state's BAs use for balancing currently? What are the plans to meet future balancing needs under various renewable energy penetration levels?
- 7) What protections need to be in place to avoid gaming of the EIM?
- 8) What is Nevada's preference for a market operator and what requirements does Nevada have for selecting a market operator?
- 9) What are the potential reliability benefits of NV Energy joining an EIM?
- 10) What jurisdictional issues need to be addressed (i.e., who influences whether or not the state's BAs join an EIM, who oversees tracking of costs and market manipulation and what accountability do they have to Nevada regulators, lawmakers or ratepayers)?
- 11) What should be included in an EIM tariff and settlement process?

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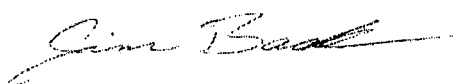
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- 12) What issues need to be addressed between participating and non-participating BAs, including the California Independent System Operator (CAISO)? Should the state's balancing authorities decide not to participate in the EIM, what are the potential impacts on transmission wheeling charges and revenue and how should hurdle rates be calculated? What impact will this have on renewable energy deliveries and transmission development in Nevada versus other participating BAs?
- 13) What would be potential impact on the state's BAs unused transmission capacity if they do not participate in an EIM?

The Renewable Energy Advocates appreciate the opportunity to comment on the issues in this docket and look forward to further participation.

RESPECTFULLY SUBMITTED this 30th day of September 2011.

The Vote Solar Initiative for the Renewable Energy Advocates



Jim Baak  
The Vote Solar Initiative  
300 Brannan Street, Suite 609  
San Francisco, CA 94107

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**CERTIFICATE OF SERVICE**

I hereby certify that I have on this date served the foregoing document upon all parties of record in this proceeding by electronic mail to the recipient's current electronic mail address or mailing a true copy thereof, properly addressed with postage prepaid or forwarded as indicated below to:

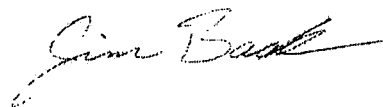
Regulatory Operations Staff  
Public Utilities Commission of Nevada  
1150 East William Street  
Carson City, NV 89701-3109  
[pucn.sc@puc.state.nv.us](mailto:pucn.sc@puc.state.nv.us)

Connie Silveira  
NV Energy  
6100 Neil Road  
Reno, NV 89511  
[csilveira@sppc.com](mailto:csilveira@sppc.com)

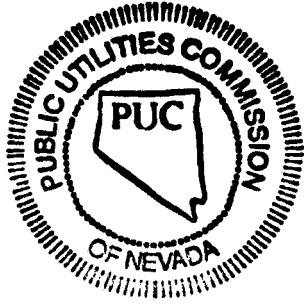
Trevor Dillard  
NV Energy  
6100 Neil Road  
Reno, NV 89511  
[regulatory@nvenergy.com](mailto:regulatory@nvenergy.com)

Nevada Attorney General  
Bureau of Consumer Protection  
555 E. Washington St., Ste 3900  
Las Vegas, NV 89101  
[bcpserv@ag.nv.gov](mailto:bcpserv@ag.nv.gov)

DATED this 30<sup>th</sup> day of September, 2011.



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Jim Baak



11-04025

Public Utilities Commission of Nevada

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In accordance with NRS Chapter 719,  
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by: /s Jim Baak

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