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representative of the signer(s) and
SPPC



FILED WITH THE PUBLIC UTILITIES COMMISSION OF NEVADA - 11/30/2015

November 30, 2015

Ms. Trisha Osborne, Assistant Commission Secretary
Public Utilities Commission of Nevada
Capitol Plaza
1150 East William Street
Carson City, Nevada 89701-3109

RE: Application of Sierra Pacific Power Company d/b/a NV Energy for approval of a Renewable Energy Agreement with Switch, Ltd. and Apple

Dear Ms. Osborne:

Enclosed for filing with the Commission please find the Application of Sierra Pacific Power Company d/b/a NV Energy for approval of a Renewable Energy Agreement with Switch, Ltd. and Apple. The filing includes the following parts:

- Application
- Application Attachment 1: Switch NGR Agreement - Sierra
- Application Attachment 2: NV Green Rider Agreement NVE Boulder Solar (Apple)
- Draft Notice
- Testimony
 - Prepared Direct Testimony of Shawn Elicegui
 - Prepared Direct Testimony of Thomas Woodworth
 - Prepared Direct Testimony of Marc Reyes
- Certificate of Service

Should you have any questions regarding this filing, please contact me at (775) 834-5692 or mgreene@nvenergy.com.

Respectfully submitted,

/s/ Michael Greene

Michael Greene
Assistant General Counsel

APPLICATION

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of SIERRA PACIFIC POWER)
COMPANY D/B/A NV ENERGY, for Approval of)
Renewable Energy Agreements with Switch, Ltd. and) Docket No. 15-11 ____
Apple)
_____)

**APPLICATION FOR APPROVAL OF SIERRA
PACIFIC RENEWABLE ENERGY AGREEMENTS WITH SWITCH, LTD.,
AND APPLE, INC.**

Sierra Pacific Power Company, d/b/a NV Energy (“Sierra” or “Company”), hereby makes this Application pursuant to NAC § 703.535 (governing applications) and Sierra Pacific Power Company’s Schedule No. NGR, “Schedule NV GreenEnergy Rider” (Tariff Electric No. 1). The subject matter of this application is two new renewable energy agreements: one between Sierra and Switch, Ltd. (“Switch”) (“SIERRA Renewable Energy Agreement Switch”)¹, and one between Sierra and Apple (“SIERRA Renewable Energy Agreement Apple”)² (collectively the “SIERRA Renewable Energy Agreements”), whereby Sierra will help Switch and Apple achieve their respective objectives to operate their data centers located in northern Nevada utilizing all renewable energy resources. Essentially, the SIERRA Renewable Energy Agreements will provide a mechanism to allow Switch and Apple to realize portfolio energy credits from two new renewable generation resources being constructed in Nevada, which will deliver energy to Sierra, while at the same time not burdening other customers of Sierra with the incremental costs of that generation.³

This Application for approval of the SIERRA Renewable Energy Agreements is one of four related cases simultaneously filed by Nevada Power Company (“Nevada Power”) and Sierra (collectively Nevada Power and Sierra are referred to as the “Companies”) with the Commission

¹ Attached to this application as Attachment 1.
² Attached to this application as Attachment 2.
³ These agreements are virtually identical to the previously approved transaction between Nevada Power and Switch in Docket No. 15-08005. The few differences are described in the prepared direct testimony of Thomas Woodworth.

1 on November 30, 2015.⁴ Given the overlapping nature and relationship between the four cases the
2 Companies are requesting that the Commission consolidate each of the related cases. Additionally,
3 given the time-sensitive nature associated with the expiration of the 30 percent federal investment
4 tax credit that is facilitating the advantageous pricing associated with the subject renewable
5 projects,⁵ the Company requests an expedited review of this Application and the related cases.
6 Thus, while the processing of this Application is not subject to any statutory deadline, the
7 Company requests the Commission to act on this Application on or before March 16, 2016.

8 **I.**

9 **THE APPLICANT SIERRA PACIFIC POWER COMPANY**

10 Sierra is a Nevada corporation and wholly-owned subsidiary of NV Energy, Inc., which is
11 an indirect subsidiary of Berkshire Hathaway Energy Company. Sierra is engaged in providing
12 electric service to the public in portions of fourteen northern Nevada counties, including the
13 communities of Carson City, Minden, Gardnerville, Reno, Sparks, and Elko, pursuant to a
14 certificate of public convenience and necessity issued by this Commission. Sierra is a “public
15 utility” as that term is defined and used pursuant to Chapter 704 of the Nevada Revised Statutes.
16 Sierra owns and operates a certificated local distribution company engaged in the retail sale of
17 natural gas to customers in the Reno-Sparks metropolitan area.

18 Sierra’s primary business office is located at 6100 Neil Road in Reno, Nevada. All
19 correspondence related to this Application should be transmitted to Sierra’s counsel *and* to Sierra’s
20 Manager of Regulatory Services, as set forth below:

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26 ⁴ The other three related cases are 1) the Third Amendment to the Sierra 2014-2016 Three Year Action Plan, 2) the First
27 Amendment to the NPC 2016-2018 Three Year Action Plan and 3) an Application for approval of Nevada Power
Renewable Energy Agreements, and each are described in more detail in Section II below.

28 ⁵ A more detailed description of the need for expedited time is contained in the prepared testimony of Shawn EliceGUI.

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II.

OVERVIEW

The SIERRA Renewable Energy Agreements are part of a suite of renewable energy related filings the Companies made with the Commission on November 30, 2015. Each of the filings contains essential elements that together will bring incremental renewable resources to the State in order to serve incremental loads for two large customers. The three other filings are 1) the Third Amendment to the SPPC 2014-2016 Three Year Action Plan (seeking, in part, approval of a long-term renewable power purchase agreement (“PPA”) between Sierra and Boulder Solar II, LLC, and a long-term renewable PPA between Sierra and Playa Solar 1, LLC; 2) the First Amendment to the NPC 2016-2018 Three Year Action Plan (seeking approval of a long-term renewable PPA between Nevada Power and Playa Solar 1, LLC; and 3) an Application for approval of Nevada Power’s Renewable Energy Agreements (seeking approval of the equivalent Nevada Power renewable energy agreement with Switch) (collectively the four filings are referred to as the “NV GreenEnergy Rider Transactions Package”).

Pursuant to the NV GreenEnergy Rider, the SIERRA Renewable Energy Agreements must be approved by the Commission based on a showing of benefits to Switch, Apple, Nevada Power and Nevada Power’s remaining customers. As describe in more detail in the prepared testimonies of Mr. Elicegui, Mr. Woodworth, and Mr. Reyes, the SIERRA Renewable Energy Agreements satisfy these elements of the tariff. At the forefront, the SIERRA Renewable Energy Agreements provide a vehicle to allow Switch and Apple to achieve their respective renewable energy objectives to fully operate their projected incremental load associated with data centers located in

1 northern Nevada with renewable energy resources (*i.e.*, a new 79 MW renewable generating
2 station to be built in southern Nevada for Switch and a new 50 MW renewable generating station
3 to be built in southern Nevada for Apple). Moreover, the SIERRA Renewable Energy Agreements
4 will help facilitate the growth of Switch and Apple’s businesses in a cost-effective and sustainable
5 manner and by allowing them to purchase the portfolio energy credits associated with these new
6 facilities, they can further reduce their carbon footprint.

7 Likewise, Sierra’s customers benefit from the SIERRA Renewable Energy Agreements in
8 two ways. First, the Company’s customers and all residents of the State benefit from the economic
9 development associated with the construction of two new renewable energy facilities in Nevada.
10 Second, the Company’s customers benefit because low-cost, emission free energy is delivered to
11 the Company’s system. In addition to satisfying our customers’ desire to be 100% green, Sierra
12 benefits because the PPAs diversify the Company’s generation portfolio and provides long-term
13 sources of energy and capacity at a predictable price.

14 Approval of the NV GreenEnergy Rider Transactions Package (*i.e.*, approval of all related
15 filings), will provide benefits to Switch, Apple, Sierra’s customers, and Sierra as described above.
16 In addition, approval also provides benefits to the State of Nevada as a whole. Specifically, the
17 addition of a new 79 MWac and a new 50 MWac renewable generating stations have both short-
18 term and long-run economic benefits to the local economy. The agreements contained in the NV
19 GreenEnergy Rider Transactions Package allow Sierra, Switch, Apple and Sierra’s other
20 customers to realize the preferential pricing that is afforded by the developers completing the new
21 renewable facilities in 2016, and thus qualifying for the 30 percent federal investment tax credit.
22 Accordingly, for the developers to be able to commit to the pricing set forth in the PPAs, the
23 developers require a regulatory approval by a date that ensures they can meet the December 31,
24 2016, in-service deadline to qualify for the thirty percent (30%) investment tax credit. Therefore,
25 the Company respectfully requests that the Commission expedite its review of the NV
26 GreenEnergy Rider Transactions Package, completing its review on or before the March 16, 2016.

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III.

THE FILING

Consistent with NAC § 703.535, the filing is made up of this application, the appropriate draft notice, the Sierra Renewable Energy Agreements, and three pieces of prepared direct testimony.

SIERRA Renewable Energy Agreements. The SIERRA Renewable Energy Agreements provide a means for Switch and Apple to purchase portfolio energy credits for their respective incremental loads, and supports the development of incremental, grid-tied solar projects. The SIERRA Renewable Energy Agreements allow for portfolio energy credits to be purchased from two new photovoltaic generating facilities, or in certain circumstances, portfolio energy credits currently being or to be generated by Sierra. Under the SIERRA Renewable Energy Agreements, Sierra will provide an annual statement to Switch and Apple identifying the portfolio energy credits that Sierra retires on Switch and Apple's behalf pursuant to Nevada's Renewable Portfolio Standard. However, the centerpiece of the SIERRA Renewable Energy Agreements is the development of the Playa Solar 1 generating facility, the Boulder Solar II generating facility, and the utilization of portfolio energy credits produced by the facility for Switch's and Apples's benefit.

Draft notice. Accompanying this filing is a Draft Notice satisfying the requirements of NAC § 703.162.

Testimony. Mr. Shawn Elicegui, Senior Vice President of Regulatory and Strategic Planning, provides testimony that explains the SIERRA Renewable Energy Agreements' overall value and the benefit they provides to Switch, Apple, Sierra, Sierra's other customers and Nevada's economy. Mr. Thomas Woodworth, Director, Strategy and Origination for NV Energy, describes the details associated with the SIERRA Renewable Energy Agreements between Sierra and Switch and Sierra and Apple. Mr. Marc Reyes, Manager, Market Fundamentals, provides testimony which supports the calculation of the renewable resources rate contained in Exhibit A of the

1 SIERRA Renewable Energy Agreements and that the transactions between Sierra and Switch and
2 Sierra and Apple provide benefits to Sierra's customers.

3 **IV.**

4 **REQUEST TO CONSOLIDATE**

5 Sierra asks that this application be consolidated with the following filings made on
6 November 30, 2015:

- 7 a) Third Amendment to the SPPC 2014-2016 Three Year Action Plan
- 8 b) First Amendment to the NPC 2016-2018 Three Year Action Plan
- 9 c) Application for approval of a Nevada Power Renewable Energy Agreement

10 Consolidation of these dockets would promote administrative efficiency given that each of the
11 filings brings forth essential elements which together will allow for the development of
12 incremental renewable resources in the state in order to serve incremental loads for two large
13 customers. The filings are inextricably linked by identity in subject matter, methods of analysis
14 and witnesses.

15 **V.**

16 **PRAYER FOR RELIEF**

17 WHEREFORE, Sierra requests that the Commission:

- 18 (1) Consolidate this Application with the cases identified in Section IV above and
19 filed on November 30, 2015.
- 20 (2) Approve the SIERRA Renewable Energy Agreement Switch;
- 21 (3) Approve the SIERRA Renewable Energy Agreement Apple;
- 22 (4) Establish a procedural schedule to accommodate the approval of the NV
23 GreenEnergy Rider Transactions Package on or before March 16, 2016;

1 (5) Grant such additional other relief as the Commission may deem appropriate and
2 necessary.

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4 Dated this 30th day of November, 2015.

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Respectfully submitted,
NEVADA POWER COMPANY

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/s/Michael Greene
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ATTACHMENT 1

EXECUTION DRAFT

**NV GREENENERGY RIDER
RENEWABLE ENERGY
AGREEMENT
BETWEEN**

SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY,

AND

SWITCH Ltd.

dated November 20, 2015

RENEWABLE ENERGY AGREEMENT

This **RENEWABLE ENERGY AGREEMENT** (the “Agreement”) dated as of November 20, 2015 (the “Execution Date”), is made by and between SIERRA PACIFIC POWER COMPANY, a Nevada corporation doing business as NV Energy (“Sierra Pacific”) and SWITCH Ltd., a Nevada limited liability company (“Switch”). Sierra Pacific and Switch are also each referred to herein as a “Party” and collectively as the “Parties”.

RECITALS

WHEREAS, Sierra Pacific is an electric service provider, as defined in NRS Section 704;

WHEREAS, Switch has expressed to Sierra Pacific its intention to develop and operate data centers within the areas served by Sierra Pacific, which will increase Switch’s overall load in Nevada;

WHEREAS, Switch desires to operate all of its data centers using renewable energy resources;

WHEREAS, Switch has requested to utilize Sierra Pacific’s electric service Tariff Schedule No. NGR – Schedule NV GreenEnergy Rider (the “NGR Tariff”), which allows Sierra Pacific to enter into renewable energy agreements with GS-2 and larger customers;

WHEREAS, Switch will have one or more accounts that are GS-2 or higher retail accounts with Sierra Pacific;

WHEREAS, consistent with the terms of the NGR Tariff, on November 20, 2015, Sierra Pacific and Playa Solar 1, LLC, entered into that certain Long-Term Renewable Power Purchase Agreement (the “SPPC Playa 1 Power Purchase Agreement”) whereby Sierra Pacific will purchase energy, capacity, Portfolio Energy Credits and other renewable energy attributes from the Playa 1 photovoltaic solar electric generating facility under development in Clark County, Nevada, within the Bureau of Land Management’s Dry Lake Solar Energy Zone, with a nameplate capacity of 79 MW (the “Solar Array”);

WHEREAS, consistent with the terms of Nevada Power Company’s (“Nevada Power”) electric service Tariff Schedule No. NGR – Schedule NV GreenEnergy Rider NGR Tariff (“NPC NGR Tariff”), on November 20, 2015, Nevada Power and Playa Solar 1, LLC, entered into that certain Long-Term Renewable Power Purchase Agreement (the “NPC Playa 1 Power Purchase Agreement”) whereby Nevada Power will purchase energy, capacity, Portfolio Energy Credits and other renewable energy attributes from the Solar Array;

WHEREAS, through the SPPC Playa 1 Power Purchase Agreement and NPC Playa 1 Power Purchase Agreement, Sierra Pacific and Nevada Power will, on a combined basis, purchase all of the energy, capacity, Portfolio Energy Credits and other renewable energy attributes from the Solar Array;

WHEREAS, Switch and Nevada Power have concurrently executed a renewable energy agreement utilizing the NPC NGR Tariff, in which Switch will purchase the Portfolio Energy Credits associated with the NPC Playa 1 Power Purchase Agreement for its incremental load in Nevada Power’s service territory (“NPC Renewable Energy Agreement”);

WHEREAS, the Parties anticipate, based on Switch's projected incremental load associated with operation of the Data Centers (as defined below), that the output of the Solar Array will provide sufficient Portfolio Energy Credits to satisfy Switch's green initiatives for its future load of the Data Centers in the State of Nevada (as set forth below);

WHEREAS, the Parties may negotiate future renewable energy agreements under the NGR Tariff or the NPC NGR Tariff for the construction of additional solar arrays to provide sufficient PCs so that Switch can support additional, new and local renewable generation to meet Switch's future load; and

WHEREAS, it is the intent of the Parties that this Agreement serve as the agreement between the Parties under the NGR Tariff to facilitate Switch contracting for the Portfolio Energy Credits associated with Sierra Pacific's allocation of the Solar Array for the term of the SPPC Playa 1 Power Purchase Agreement;

NOW THEREFORE, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

AGREEMENT

1. **DEFINITIONS.** As used in this Agreement, defined terms shall have the meaning set forth in this Agreement or as set forth in this Section 1.

1.1 **"Action"** means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

1.2 **"Affiliate"** means, with respect to Sierra Pacific, "Affiliate" shall only include Berkshire Hathaway Energy Company and its direct and indirect wholly-owned subsidiaries and, with respect to Switch, the wholly owned subsidiaries of Switch, Ltd. served by Sierra Pacific or Nevada Power.

1.3 **"Agreement"** means this Renewable Energy Agreement together with the Exhibits and the SPPC Playa 1 Power Purchase Agreement attached hereto.

1.4 **"Business Day"** means any day, other than a Saturday, Sunday or legal holiday, on which commercial banks in Clark County, Nevada, are generally open for the transaction of business.

1.5 **"Commercial Operation Date"** has the meaning as defined in the SPPC Playa 1 Power Purchase Agreement.

1.6 **"Contract Year"** means each year during the Term beginning on January 1 and ending on December 31 of the calendar year following the Commercial Operation Date.

1.7 **"Data Centers"** means Switch's data center facilities identified in Exhibit A, each to the extent of the anticipated incremental load specified in such exhibit.

1.8 **"Event of Default"** has the meaning set forth in Section 11.1.

- 1.9 “**Effective Date**” has the meaning set forth in Section 2.1.
- 1.10 “**Execution Date**” has the meaning set forth in the recitals hereto.
- 1.11 “**Force Majeure**” has the meaning set forth in Section 8.
- 1.12 “**Governmental Entity**” means any federal, state, or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.
- 1.13 “**kWh**” means kilowatt-hour.
- 1.14 “**NGR Tariff**” has the meaning set forth in the recitals hereto.
- 1.15 “**NPC NGR Tariff**” has the meaning set forth in the recitals hereto.
- 1.16 “**NPC Playa 1 Power Purchase Agreement**” has the meaning set forth in the recitals hereto.
- 1.17 “**NPC Renewable Energy Agreement**” has the meaning set forth in the recitals hereto.
- 1.18 “**NRS**” means the Nevada Revised Statutes, as amended.
- 1.19 “**PC**” or “**Portfolio Energy Credit**” means a unit of credit which equals one kilowatt-hour of electricity generated, acquired or saved (or deemed so) certified or otherwise recognized by a Governmental Entity from the Solar Array.
- 1.20 “**PC Administrator**” means the person or entity appointed by the PUCN to administer the system of Portfolio Energy Credits established pursuant to the Renewable Energy Law or a successor law if the Renewable Energy Law is replaced, superseded or preempted by another law or regulatory regime tasked with enforcement of renewable energy quotas by users or utility providers in Nevada.
- 1.21 “**Permitted Transferee**” means an Affiliate of either Party to this Agreement.
- 1.22 “**PUCN**” means the Public Utilities Commission of Nevada and any successor entity thereto.
- 1.23 “**Renewable Energy Benefits**” has the meaning as defined in the SPPC Playa 1 Power Purchase Agreement.
- 1.24 “**Renewable Energy Law**” means an act of the Nevada Legislature relating to energy, or law that affects Switch’s renewable energy consumption or that requires certain electric service providers to comply with the portfolio standard for renewable energy, and providing for other matters relating thereto, codified as NRS 704.7801 through 704.7828, inclusive, and the rules and regulations of

WREGIS, and the regulations, guidance and other requirements promulgated thereunder, in each case as such laws, regulations, guidance and requirements may be amended, preempted or superseded.

1.25 “**Renewable Resource Rate**” means the fixed rate, in dollars per kWh, set forth in Exhibit B attached hereto.

1.26 “**Solar Array**” has the meaning set forth in the recitals hereto.

1.27 “**SPPC Playa 1 Power Purchase Agreement**” has the meaning set forth in the recitals hereto and attached as Exhibit D.

1.28 “**Supplier**” has the meaning as defined in the SPPC Playa 1 Power Purchase Agreement.

1.29 “**Tax**” or “**Taxes**” means the applicable federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property (including assessments, fees or other charges based on the use or ownership of real property), personal property, transactional, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, or any liability for unclaimed property or escheatment under common law principles, including any interest, penalty or addition thereto, whether disputed or not, including any item for which liability arises as a transferee or successor-in-interest.

1.30 “**Term**” has the meaning set forth in Section 2.1.

1.31 “**WREGIS**” means the Western Renewable Energy Generation Information System, or a successor organization or system.

2. **TERM AND TERMINATION.**

2.1 Term. This Agreement commences on the later of (i) the date this Agreement and the SPPC Playa 1 Power Purchase Agreement are approved by the PUCN, and (ii) the Commercial Operation Date (the “Effective Date”). This Agreement will expire on the date that the SPPC Playa 1 Power Purchase Agreement expires or terminates pursuant to its terms (the “Term”), which as of the Execution Date, has a term of (20) years, unless extended by mutual written agreement of the Parties. Sierra Pacific may extend the term of the SPPC Playa 1 Power Purchase Agreement without the consent of Switch, though such extension will not extend the term of this Agreement beyond the original term of the SPPC Playa 1 Power Purchase Agreement without the consent of Switch.

3. **DATA CENTERS ENERGY SUPPLY.**

3.1 Purchase and Sale of Portfolio Energy Credits. Commencing on the Effective Date, Sierra Pacific shall sell to Switch, and Switch shall purchase from Sierra Pacific, all Portfolio Energy Credits realized from the Solar Array and to which Sierra Pacific is entitled under the SPPC Playa 1 Power Purchase Agreement, including any Portfolio Energy Credits realized from the Solar Array prior to the Effective Date. Switch shall pay the Renewable Resource Rate for each kWh of production generated by the Solar Array and uploaded by Sierra Pacific to WREGIS on Switch’s behalf, as provided herein.

3.2 PC Deficiency. If, in any Contract Year following the Effective Date, the Portfolio Energy Credits available from the Solar Array are less than the electric energy consumed at the Data Centers (not to exceed the amounts set forth in Exhibit A), at Switch's request, Sierra Pacific will negotiate in good faith to sell to Switch Portfolio Energy Credits, at the Renewable Resource Rate, attributable to Sierra Pacific renewable generating resources, other than the Solar Array, up to an amount of Portfolio Energy Credits sufficient to satisfy the deficiency, but subject in all cases to the availability of Portfolio Energy Credits to Sierra Pacific for this purpose and obtaining any governmental approvals if required, and giving priority to Sierra Pacific's need for Portfolio Energy Credits to cover its current and anticipated future renewable portfolio or other legal obligations, as determined by Sierra Pacific in its sole discretion (exercised in good faith). Alternatively, Switch may, in its discretion, satisfy the deficiency through purchases of Portfolio Energy Credits from third parties, Affiliates, or from Sierra Pacific pursuant to the terms of any available tariff schedule approved or adopted by the PUCN for the sale of Portfolio Energy Credits.

3.3 Surplus Portfolio Energy Credits. In the event that Portfolio Energy Credits in a Contract Year supplied under this Agreement exceed the actual load for the Data Centers for such Contract Year ("Surplus PCs"), at Switch's election and upon its written request, Switch may transfer to Sierra Pacific's WREGIS account, at no cost to Sierra Pacific, such Surplus PCs. In exchange for such transfer, Sierra Pacific shall agree to transfer to Switch's designated WREGIS account the same quantity of PCs as provided for in this Section 3.3. Such PCs provided by Sierra Pacific under this Section 3.3 will be provided within ten (10) days after Switch's transfer and must be associated with generation situated in the State of Nevada and be generated in the same vintage year in which the request to exchange PCs was made. Sierra Pacific will exercise reasonable good faith efforts to provide replacement PCs that are, at Switch's direction at the time of the request, associated with Nevada geothermal, followed by solar, wind or non-disruptive hydropower resources, or other qualifying resources consistent with Switch's desire to promote and support the finest renewable standards. Notwithstanding the foregoing, in the event Nevada or Federal law is revised so that Sierra Pacific is obligated to utilize PCs with specific attributes for purposes of meeting its renewable portfolio or other compliance obligations (a "RPS Change"), Sierra Pacific shall give priority to satisfying its other obligations before being obligated to provide PCs under this Section 3.3. If Sierra Pacific is unable to facilitate an exchange as contemplated in this Section 3.3, Sierra Pacific will advise Switch in writing within ten (10) days after Switch's request to exchange PCs and explain the RPS Change and how such RPS Change prevents Sierra Pacific from accommodating such requested exchange. Switch shall reimburse Sierra Pacific for all transfer costs assessed by WREGIS.

3.4 Switch Acknowledgements. Switch acknowledges and agrees that:

3.4.1 Switch shall purchase from Sierra Pacific, under the NGR Tariff and pursuant to the terms of this Agreement, all available Portfolio Energy Credits delivered to Sierra Pacific associated with the Solar Array, as determined by the production information uploaded by Sierra Pacific to Switch's designated WREGIS account. Switch acknowledges and agrees that it reasonably expects to utilize the Portfolio Energy Credits for the incremental Data Center load growth as set forth in Exhibit A. Except for the PCs provided to Switch as expressly provided herein Sierra Pacific shall retain all energy, capacity and all other Renewable Energy Benefits associated with the Solar Array.

3.4.2 Given Switch's extensive growth plans in the respective service territories of Nevada Power and Sierra Pacific, upon Switch's request, Sierra Pacific will affect, a reallocation of the

total capacity, kWhs and respective costs allocated to Switch's Data Centers in Sierra Pacific's and Nevada Power's respective service territories (pursuant to the SPPC Playa 1 Power Purchase Agreement and NPC Playa 1 Power Purchase Agreement and associated NGR rates) to reflect each Data Center's respective energy consumption (the "Readjustment Right"); provided, however, that the total allocation between Sierra Pacific's and Nevada Power's respective service territories must equal and not exceed the total output of the Solar Array. Switch may exercise the Readjustment Right no more than twice during the term of the Agreement but not more than once in any thirty-six (36) month period, upon ninety (90) days prior written notice to Sierra Pacific, with such notice identifying the effective date of the readjustment and the new capacity percentages. To meet the designated effective date, Sierra Pacific will coordinate with Supplier to revise or amend the SPPC Playa 1 Power Purchase Agreement to reflect the new capacity percentages, and Sierra Pacific will coordinate with Nevada Power so that it may seek similar revisions or amendments to the NPC Playa 1 Power Purchase Agreement to reflect the new capacity percentages. Switch shall have no Readjustment Right following the tenth (10th) year after the Effective Date.

3.4.3 Switch shall receive bundled electric service from Sierra Pacific under the tariff applicable to Switch pursuant to the terms of that tariff.

3.4.4 This Agreement is entered into pursuant to the NGR Tariff and it is the intent of the Parties that this Section 3.4 complies with the terms and conditions of the NGR Tariff.

3.5 Naming and Publicity Rights of the Solar Array. Sierra Pacific acknowledges that Switch will separately negotiate naming rights of the Solar Array with the Supplier. Sierra Pacific will accept such naming of the Solar Array, and will utilize such naming convention in its public materials, for the Term of this Agreement.

4. **PORTFOLIO ENERGY CREDITS.**

4.1 Price. For the Term, Sierra Pacific will upload all generation data for the Solar Array and Switch shall pay the Renewable Resource Rate, as set forth in Exhibit B, for each Portfolio Energy Credit generated by the Solar Array for the Data Centers, as determined by the production information uploaded by Sierra Pacific to Switch's designated WREGIS account. For clarity, the obligations of Sierra Pacific and Switch to sell and purchase, respectively, such Portfolio Energy Credits under this Agreement shall apply irrespective of (i) the actual electric energy requirements of the Data Centers or (ii) Sierra Pacific's obligations under any Renewable Energy Law.

4.2 Certification of Portfolio Energy Credits. Sierra Pacific will take such commercially reasonable actions as may be necessary and appropriate to cause WREGIS and the PC Administrator to certify or otherwise validate in a timely manner all Portfolio Energy Credits sold by Sierra Pacific to Switch under this Agreement. The Parties acknowledge and agree that the certification of Portfolio Energy Credits is registry dependent, and that the timing of certification is solely at the registry's discretion. Sierra Pacific shall not be held liable for certification delays or denials beyond its control, and Sierra Pacific has no obligation to provide Switch replacement PCs for any such denial; provided, however, that Sierra Pacific will provide to Switch any PCs received from Supplier as damages due to any act or omission of Supplier. Sierra Pacific is solely responsible for and shall reimburse Switch for any failure by Sierra Pacific to properly upload production data from the Solar Array to Switch's designated WREGIS account in accordance with the requirements of WREGIS, and, at Switch's request,

Sierra Pacific will, consistent with the priorities in Section 3.2, provide replacement Portfolio Energy Credits denied certification due to Sierra Pacific's failure to properly upload production data from the Solar Array within thirty (30) days following such notice of denial by WREGIS. To the extent available, giving priority to Sierra Pacific's renewable portfolio standard compliance obligations and applicable approvals from Governmental Entities, such replacement Portfolio Energy Credits will be from the same energy production year or intended production year consistent with Section 3.3 as the credits denied certification, as mutually agreed to by the Parties. Any replacement Portfolio Energy Credits provided to Switch shall be charged to Switch at the Renewable Resource Rate and Switch shall pay for such credits within thirty (30) days of such PCs being transferred to Switch's WREGIS account.

4.3 WREGIS. In the event WREGIS is revised, terminated or otherwise modified after the Effective Date of this Agreement in a manner that prevents the Parties from accomplishing the intent of any provision of this Agreement, the Parties agree to work together in good faith to negotiate an amendment to this Agreement (or to enter into a new agreement) that allows each Party to receive the benefits contemplated in this Agreement. Any and all fees or costs imposed by WREGIS to facilitate the transactions contemplated under this Agreement shall be the responsibility of Switch.

4.4 Monthly Invoices. Beginning the month after the first month in which Sierra Pacific uploads production data from the Solar Array to Switch's designated WREGIS account, an invoice will be sent to Switch monthly, showing the kWh generated by the Solar Array during the previous calendar month, the Renewable Resource Rate and any other applicable Taxes or fees imposed by a Government Entity, WREGIS (or similar registrant) or the PC Administrator relating to the Portfolio Energy Credits or service under the NGR Tariff. Each such monthly invoice will set forth the total amount payable by Switch for the Portfolio Energy Credits. Except for replacement Portfolio Energy Credits, which shall be payable as provided in Section 4.2, the amount due shall be payable regardless of the status of any certification of, or transfer procedures with respect to, any such Portfolio Energy Credits; provided, however, that Switch shall be promptly credited or refunded for any overpayment by Switch for PCs as provided in Section 4.7. The monthly invoice shall be provided to Switch by the method or methods authorized by the tariff schedule or schedules pursuant to which Switch receives bundled electric service under Section 3.4.3. Sierra Pacific's first monthly invoice following the Effective Date shall include the costs associated with kWhs generated by the Solar Array prior to the Effective Date, if any.

4.5 Payment Terms. The otherwise applicable payment terms as issued on each monthly Sierra Pacific invoice, as provided by tariff schedule or schedules pursuant to which Switch receives bundled electric service under Section 3.4.3 or other agreement of the Parties, will apply to all amounts due under this Agreement. At any time a dispute arises with respect to a payment or other obligation under this Agreement, at the written request of either Party, the Parties' senior executives must meet and attempt to resolve such dispute within ten (10) Business Days of a Party receiving that written request; and, during that 10-business-day period, all consequences associated with any delay in payment will be forestalled pending resolution. Notwithstanding anything to the contrary in this Agreement, Sierra Pacific will not cease providing Portfolio Energy Credits to Switch as a result of a dispute without first exerting commercially reasonable efforts to meet and confer as provided in this Section 4.5 during that 10-business-day period. If the Parties meet and despite each Party's good faith effort to resolve the dispute, the senior team members are unable to reach agreement, the payment dispute shall be resolved as provided in the tariff schedule or schedules pursuant to which Switch receives bundled electric service under Section 3.4.3.

4.6 Transfer of Portfolio Energy Credits. Notwithstanding any provision of this Agreement to the contrary, the Parties may elect such other transfer procedures for Portfolio Energy Credits generated by the Solar Array as the Parties may mutually agree, acting reasonably, provided that Sierra Pacific shall not be required to incur any additional costs or expense for such Portfolio Energy Credits or the transfer thereof. Sierra Pacific acknowledges that Switch may transfer or retire the Portfolio Energy Credits acquired from the Solar Array to other third parties (which may include Switch's customers), and in such an event Switch shall be responsible for the registration, administration and transfer, and all associated costs, of any Portfolio Energy Credits so transferred or retired.

4.7 Refund if Portfolio Energy Credits Rejected by WREGIS. In the event Portfolio Energy Credits from the Solar Array for which Switch has paid Sierra Pacific are rejected or not certified by WREGIS due to any action or omission by Sierra Pacific, Sierra Pacific shall refund to Switch, by providing a credit on Switch's next monthly bill, an amount equal to the Renewable Resource Rate (on a per kWh basis) times the kWh of PCs rejected or not certified by WREGIS. Switch may also acquire replacement Portfolio Energy Credits as provided in Section 3.2. Switch may request from Sierra Pacific WREGIS and PC data associated with the Solar Array. No later than twenty (20) days following receipt of such a request, Sierra Pacific shall provide to Switch such data, in its native or original format so that Switch may evaluate the details of any relevant formulas, for the most recently available period.

5. ANNUAL RPS CERTIFICATION. Upon the Effective Date, Sierra Pacific will on an annual basis provide to Switch, for the Term, a certified attestation confirming the retirement of the specified number of WREGIS-qualified PCs retired on behalf of Switch in connection with Sierra Pacific meeting its portfolio energy standard requirements as provided under Nevada law. With respect to Switch, such credits will be from a resource delivered to Sierra Pacific in the then current year, with preference given for Nevada geothermal subject to availability as determined by Sierra Pacific.

6. ASSIGNMENT. Neither Party shall assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned), and any attempted assignment of this Agreement without such consent shall be null and void; provided, however, that upon prior written notice to the other Party either Party may assign this Agreement to a Permitted Transferee without such consent, provided that the assigning Party is not released from its obligations under this Agreement as a result of such assignment and remains directly liable for such obligations.

7. TERMINATION RIGHTS. In the event Nevada or Federal law is revised to allow Switch to directly or through a provider other than Sierra Pacific or Nevada Power, purchase from Supplier the PCs and energy output from the SPPC Playa 1 Power Purchase Agreement, Switch may terminate this Agreement upon twelve (12) months' prior written notice to Sierra Pacific provided: (i) the Supplier accepts a novation whereby Switch or a provider of Switch's choosing, replaces Sierra Pacific as the counterparty under the SPPC Playa 1 Power Purchase Agreement and Sierra Pacific is fully relieved of all obligations under the SPPC Playa 1 Power Purchase Agreement; and (ii) Switch complies with applicable legal conditions precedent (including any conditions imposed by the PUCN or an alternative Governmental Entity) to approving such novation, if any. Each Party will exercise good faith efforts in implementing the intent of this Section 7 with respect to Supplier, Sierra Pacific and Switch obtaining such novation. Neither Sierra Pacific nor any Affiliate will oppose Switch's application for and approval of such novation by the PUCN.

8. **FORCE MAJEURE.**

8.1 In the event that either Party is delayed in or prevented from performing or carrying out its obligations under this Agreement by reason of any cause beyond the reasonable control of, and without the fault or negligence of, such Party (an event of “Force Majeure”), such circumstance shall not constitute an event of default, and such Party shall be excused from performance hereunder and shall not be liable to the other Party for or on account of any loss, damage, injury, or expense resulting from, or arising out of, such delay or prevention; provided, however, that the Party encountering such delay or prevention shall use commercially reasonable efforts to remove the causes thereof (with failure to use such efforts constituting an Event of Default hereunder). If the Force Majeure event lasts longer than ninety (90) days, either Party may terminate this Agreement upon written notice to the other Party. Such notice will specify the date of termination.

8.2 As used herein, the term “Force Majeure” shall include, without limitation, (i) sabotage, riots or civil disturbances, (ii) acts of God, (iii) acts of the public enemy, (iv) terrorist acts affecting the Data Centers or the Solar Array, (v) volcanic eruptions, earthquake, hurricane, flood, ice storms, explosion, fire, lightning, landslide or similarly cataclysmic occurrence, (vi) any action by any Governmental Entity which prevents or prohibits the Parties from carrying out their respective obligations under this Agreement, including, without limitation, an unstayed order of a court or administrative agency having the effect of cancellation or amendment of the NGR Tariff, or other change in law that results in a material adverse economic impact on Sierra Pacific or otherwise prohibits either Party from performing its obligations hereunder, and (vi) strike, labor disruption or disruption to transportation systems. Economic hardship of either Party shall not constitute a Force Majeure event under this Agreement.

9. **NOTICES.**

9.1 Method of Delivery; Contacts. Except for the monthly invoice under Section 4.4, each notice, consent, request, or other communication required or permitted under this Agreement must be in writing, delivered personally or sent by certified mail (postage prepaid, return receipt requested), by email (with electronic confirmation of receipt), or by a recognized international courier or overnight delivery service provider, and addressed to a Party as follows:

Switch:

Office of General Counsel
Sam Castor
7135 S. Decatur Blvd.
Las Vegas NV, 89118
Attention: Sam Castor
Email: sam@supernap.com

With a copy to:

Email: regulatory@supernap.com

Sierra Pacific Power Company:

NV Energy
6226 W. Sahara Ave., M/S 13
Las Vegas, NV 89146
Attention: Manager, Energy Supply Contract Management

With a copy to:

NV Energy
6226 W. Sahara Ave., M/S 2
Las Vegas, NV 89146
Attention: General Counsel
Facsimile No.: 702-402-5300

9.2 Receipt of Notice; Change of Information. Each notice, consent, request, or other communication is deemed to have been received by the Party to whom it was addressed (a) when delivered if delivered personally; (b) on the third (3rd) Business Day after the date of mailing if mailed by certified mail; (c) on the date officially recorded as delivered according to the record of delivery if delivered by courier or overnight delivery; or (d) on the first Business Day after the email transmission if delivered by email and a copy of the notice is deposited in the U.S. Mail. Each Party may change its contact information for purposes of the Agreement by giving written notice to the other Party in the manner set forth above.

10. CONDITIONS TO EFFECTIVENESS. As provided in Section 2.1, the effectiveness of this Agreement is conditioned upon the following:

- (a) Sierra Pacific's receipt of approval by the PUCN of this Agreement, the SPPC Playa 1 Power Purchase Agreement, and the transactions contemplated hereby and thereby, without conditions, modifications or terms that are unacceptable to the Parties in their individual reasonable discretion, and which approval is not the subject of (i) a petition for reconsideration or rehearing, (ii) a petition for judicial review, or (iii) a petition for a preliminary injunction; and
- (b) achievement of the Commercial Operation Date.

11. DEFAULT; REMEDIES.

11.1 With respect to a Party, there shall be an "Event of Default" if:

11.1.1 such Party fails to pay any amount due pursuant to this Agreement within the period specified in the NGR Tariff or within thirty (30) days after such amount is due when no other period is specified in the NGR Tariff, provided Sierra Pacific shall provide written notice of such non-payment to Switch and Switch shall have ten (10) days to cure such non-payment;

11.1.2 such Party is in breach of any representation or warranty set forth herein or fails to perform any material obligation set forth in this Agreement and such breach or failure is not cured within sixty (60) days after notice of the default is provided to the defaulting Party from the non-

defaulting Party; provided, however, that the cure period shall be extended by an additional thirty (30) days if the defaulting Party is unable to cure within the sixty (60) days, but is pursuing a cure with reasonable diligence. Further, the period for curing a default under this Section 11.1.2 shall be extended by the number of days during which the defaulting Party is prevented from taking curative action as result of Force Majeure if the defaulting Party had begun curative action and was proceeding diligently, using commercially reasonable efforts, to complete such curative action;

11.1.3 such Party admits in writing its inability to pay its debts generally as they become due;

11.1.4 such Party files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any State, district or territory thereof;

11.1.5 such Party makes an assignment for the benefit of creditors;

11.1.6 such Party consents to the appointment of a receiver of the whole or any substantial part of its assets;

11.1.7 such Party has a petition in bankruptcy filed against it, and such petition is not dismissed within ninety (90) days after the filing thereof;

11.1.8 a court of competent jurisdiction enters an order, judgment, or decree appointing a receiver of the whole or any substantial part of such Party's assets, and such order, judgment or decree is not vacated or set aside or stayed within ninety (90) days from the date of entry thereof; or

11.1.9 under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the whole or any substantial part of such Party's assets and such custody or control is not terminated or stayed within ninety (90) days from the date of assumption of such custody or control.

11.2 Termination. Upon the occurrence of an Event of Default, the non-defaulting Party shall provide notice of the default to the defaulting Party and shall specify in such notice the basis for the Event of Default. The defaulting Party shall have five (5) Business Days from the date of the notice of default to cure the default, unless another period to cure is specified in this Agreement. If the default is not cured within the five (5) Business Day period, the non-defaulting Party may provide notice to the defaulting Party that the Agreement has terminated. The termination shall be effective upon transmittal of the notice by any means specified in this Agreement to the defaulting Party. The defaulting Party shall remain liable for any obligations that Party had pursuant to the Agreement prior to the date of termination, in addition to any other surviving obligations specified herein or remedies available pursuant to Section 11.3. In the event of a termination of this Agreement, the Parties agree to coordinate as necessary to update WREGIS accounts specific to the Solar Array to reflect the consequences of such termination.

11.3 Remedies. Subject to Sections 11.1, 11.2 and 11.4, upon an Event of Default by a Party, the other Party shall have, in addition to any other remedies available to such Party at law or in equity, the right, but not the obligation, to terminate or suspend this Agreement with respect to all obligations

arising after the effective date of such termination or suspension (other than payment obligations relating to obligations arising prior to such termination or suspension).

11.4 Damages. In the event this Agreement is terminated by Sierra Pacific due to Switch's default prior to the end of the Term, Switch shall be liable for damages equal to the Renewable Resource Rate plus applicable fees and costs associated with the Portfolio Energy Credits that would have been purchased by Switch from the date of termination to the end of the Term. Notwithstanding such termination, Sierra Pacific will transfer to Switch, consistent with the terms of this Agreement, those Portfolio Energy Credits for which Switch has paid the Renewable Resource Rate. Sierra Pacific shall use reasonable efforts to mitigate damages by marketing to other persons the Portfolio Energy Credits that would have been purchased by Switch under this Agreement. In the event Sierra Pacific is able to sell such Portfolio Energy Credits that would have been purchased by Switch under this Agreement (including any subsequent sales to Switch or its Affiliate), the damages due from Switch will be adjusted to reflect the value of such sales. This Section 11.4 is intended to be the exclusive damages available to Sierra Pacific in the event of termination due to default of this Agreement by Switch. Sierra Pacific's rights under this Section 11.4 do not apply in the event of a termination as permitted under Section 7 of this Agreement. The exclusive damages available to Switch shall not exceed the Renewable Resource Rate (on a kWh basis) applicable to Portfolio Energy Credits Sierra Pacific is obligated to provide Switch under this Agreement.

12. CREDIT ASSURANCES.

12.1 Security. Except as provided for in Section 12.2, Switch is not required to post any form of security for its performance and obligations related to this Agreement.

12.2 Reassessment of Switch's Credit. Sierra Pacific may, upon its own initiative, perform a reassessment of Switch's credit profile, and if Switch's credit rating has deteriorated, as determined pursuant to the methodology set forth in Exhibit C, or if the PUCN otherwise requires Switch to post security, then Switch will post, within five (5) Business Days following Sierra Pacific's request or, if applicable, the PUCN's order or mandate, security in the amounts and form set forth pursuant to Exhibit C or, if applicable, as consistent with the PUCN's order or requirement.

12.3 Audited Financial Statements. Within ninety (90) days after the end of each fiscal year Switch will provide Sierra Pacific copies of its annual financial statement, which shall be audited by a firm of independent certified public accountants of nationally recognized standing.

12.4 Quarterly Financial Statements. Within forty-five (45) days after the end of each fiscal quarter Switch will provide Sierra Pacific with a copy of its most recent quarterly financial statements.

13. MISCELLANEOUS PROVISIONS.

13.1 Limitation of Liability. Notwithstanding anything to the contrary contained in this Agreement, neither Party shall be liable to the other Party or a third party for any consequential, indirect, exemplary, expectation or incidental damages, including but not limited to damages based on lost revenues or profits. This Section shall survive the expiration or earlier termination of, or any default or excuse of performance under, this Agreement.

13.2 Taxes, Fees or Charges from Governmental Entities. Switch is responsible for any Taxes, fees or charges including but not limited to those from Governmental Entities imposed on or associated with the Portfolio Energy Credits, if any. Either Party, upon written request of the other Party, shall provide a certificate of exemption or other reasonably satisfactory evidence of exemption if such Party is exempt from Taxes, and shall use reasonable efforts to obtain and cooperate with the other Party in obtaining any exemption from or reduction of any Tax, fee or charges including but not limited to those from Government Entities.

13.3 Liens. Neither Party shall directly or indirectly cause, create, incur, assume or suffer to exist any fines, fees, charges, assessments or liens on or with respect to the Solar Array.

13.4 No Waiver. The failure of either Party to enforce any of the provisions of this Agreement at any time, or to require performance by either Party of any of the provisions of this Agreement at any time, will not be a waiver of any provisions, nor in any way affect the validity of the Agreement, or either Party's right to enforce each and every provision hereof.

13.5 Remedies. All rights and remedies of either Party provided for in this Agreement are cumulative and in addition to, and not in lieu of, any other remedies available to either Party at law, in equity, or otherwise, except as discussed in Section 11.4 and 13.1.

13.6 Governing Law; Venue. This Agreement is governed by and must be construed in accordance with the laws of the State of Nevada, without giving effect to its conflict of law provisions. Nothing in this agreement is designed to eliminate the PUCN's jurisdiction over matters within its jurisdiction. In the event a court of competent jurisdiction has jurisdiction over a civil action or remedy brought under this Agreement, the Parties agree that they will first seek to initiate such action in the federal district court of Nevada with jurisdiction over Clark County, Nevada. In the event the federal district court lacks jurisdiction over such a dispute, the Parties agree the dispute will be brought in the Nevada state district court for Clark County, Nevada, in Las Vegas, Nevada. Each Party agrees that it will not initiate an Action against the other Party in any other jurisdiction.

13.7 Waiver of Jury Trial. To the fullest extent permitted by Law, each of the Parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each Party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which jury trial cannot be or has not been waived.

13.8 Integration. This Agreement represents the entire and integrated agreement between Sierra Pacific and Switch for the SPPC Playa 1 Power Purchase Agreement, and supersedes all prior and contemporaneous oral and written communications, representations, and agreements relating to the subject matter of the transaction, except as otherwise expressly stated herein.

13.9 Amendments. Any change, modification, or amendment to this Agreement is not enforceable unless consented to in writing by the Parties and executed with the same formality as this Agreement.

13.10 Severability. If any portion or provision of this Agreement is invalid, illegal, or unenforceable, or any event occurs that renders any portion or provision of the Agreement void, the other portions or provisions of this Agreement will remain valid and enforceable. Any void portion or

provision will be deemed severed from this Agreement, and the balance of this Agreement will be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The Parties further agree to amend this Agreement to replace any stricken portion or provision with a valid provision that comes as close as possible to the intent of the stricken portion or provision.

13.11 No Third-Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or should be construed, to confer upon or give any person or entity not a party to this Agreement any third-party beneficiary rights, interests, or remedies under or by reason of any term, provision, condition, undertaking, warranty, representation, or agreement contained in this Agreement.

13.12 Headings; Exhibits; Cross References. The headings or section titles contained in this Agreement are used solely for convenience and do not constitute a part of this Agreement, nor should they be used to aid in any manner in the construction of this Agreement. All exhibits and schedules attached to this Agreement are incorporated into this Agreement by reference. All references in this Agreement to Sections, Subsections, Exhibits, and Schedules are to Sections, Subsections, Exhibits, and Schedules of or to this Agreement, unless otherwise specified. And, unless the context otherwise requires, the singular includes the plural and the plural includes the singular and the neuter includes feminine and masculine.

13.13 Performance of Acts on Business Days. Any reference in this Agreement to time of day refers to local time in Washoe County, Nevada. All references to days in this Agreement refer to calendar days, unless stated otherwise. If the final date for payment of any amount or performance of any act required by this Agreement falls on a day other than a Business Day, that payment is required to be made or act is required to be performed on the next Business Day.

13.14 Business Formation. Nothing in this Agreement creates a partnership, joint venture or other similar business construct between the Parties.

13.15 Survivability. Sections 1, 4 and 7 through 13 survive the termination of this Agreement to the extent necessary to reflect the intent of the Parties.

13.16 Representations and Warranties.

13.16.1 Switch's Standing in Nevada. Switch represents that, as of the date of this Agreement, it (1) is duly organized, validly existing and in good standing under the laws of the State of Nevada, (2) is licensed to do business in the State of Nevada, and (3) has the requisite entity power and authority to carry on its business as now being conducted.

13.16.2 Switch's Load. Switch represents that it is expanding existing data centers and developing new data centers in the Sierra Pacific and Sierra Pacific service territories that will result in incremental load that equals or exceeds the quantity of Portfolio Energy Credits anticipated to be generated from the Solar Array. Switch's electric load is anticipated to expand, as provided on Exhibit A, in a manner sufficient to support the anticipated annual energy output from the Solar Array. Regardless of whether Switch fails to achieve its projected load growth as set forth in this Agreement, Switch represents that it will pay for all Portfolio Energy Credits that are attributable to the production of the Solar Array. This Agreement may not and shall not be used as evidence of Switch's load to support any impact or exit fee as contemplated by NRS 704B or subsequent state or federal law that permits Switch to purchase power from an entity other than Sierra Pacific.

13.16.3 Authority; Enforceability. Each Party has the full entity power and authority to execute and deliver this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Party of this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, and the performance by such Party of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary entity action, and assuming due and valid authorization, execution and delivery thereof by the other Party, will be when delivered valid and binding obligations of such Party enforceable against such Party in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity).

13.16.4 No Pending Actions, Suits or Proceedings. Switch represents that, to its knowledge as of the date of this Agreement, there are no Actions, suits or proceedings pending or threatened against Switch in any court or before any administrative agency that would prevent its performance under this Agreement.

[Signature page follows]

EXECUTION DRAFT

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the Effective Date.

**SIERRA PACIFIC POWER COMPANY d/b/a NV
ENERGY,
a Nevada corporation**

By: 
Name: Paul Arnold
Title: PRESIDENT / CEO

SWITCH, LTD.

By: 
Name: Thomas Morton
Title: President



Legal:  Date: _____

EXHIBIT A

Switch's Data Centers and Corresponding Incremental Load

NORTHERN NEVADA

Incremental Load Growth from 2016-2018: **252,596 MWHs**

Associated Data Centers:

SUPERNAP Tahoe-Reno 1 – Premises and meter pending.

Maps of data center locations and names available at supernap.com.

SOUTHERN NEVADA

Incremental Load Growth from 2016-2018: **138,155 MWHs**

Associated Data Centers:

SUPERNAP Las Vegas 8

SUPERNAP Las Vegas 9

Maps of data center locations and names available at supernap.com

EXHIBIT B

Renewable Resource Rate

The Renewable Resource Rate shall be \$0.00271 per kWh.

EXHIBIT C**Credit Assurance**

Credit Reassessment Methodology: Pursuant to Section 12.2, Sierra Pacific may reassess Switch's credit by the following steps:

1. Based on the quarterly financial statements delivered pursuant to Section 12.3, for each metric described in Column 1 of Table 1 of this Exhibit C, assign the corresponding numerical "Score" set forth in Row 1 of Table 1.
2. Multiply each Score by its corresponding "Weight" set forth in Table 2 of this Exhibit C to arrive at each "Weighted Score".
3. Sum all Weighted Scores to arrive at the applicable "Total Score".
4. The "Rating" in Table 3 of this Exhibit C which corresponds with the applicable Total Score shall be Switch's credit rating for purposes of Section 12.2 and the Required Security Calculation.

Required Security Calculation: Pursuant to Section 12.2, Sierra Pacific may require Switch to post collateral consistent with Exhibit C, to secure the amount by which the Contract Exposure exceeds the Security Threshold that corresponds to the applicable Rating. Upon the Contract Exposure exceeding the Security Threshold, Sierra Pacific may require Switch to execute a letter of credit, in a form and substance reasonably requested by Sierra Pacific, at 50% the exposed amount upon a BBB- rating downgrade and a letter of credit at 100% of exposed amount upon a BB+ or lower rating downgrade. Sierra Pacific agrees that as of the Effective Date, the PCs will be calculated at \$2.00 per PC on a present value basis; provided, however, if Switch's Total Exposure exceeds the Security Threshold, Sierra Pacific will reassess the value of the PCs in calculating a letter of credit consistent with WREGIS' average PC price for PCs purchased in the Western Electricity Coordinating Council in the year in which the Total Exposure exceeds the Security Threshold. Sierra Pacific will provide Switch with all documentation related to Sierra Pacific's calculations, as performed, for Switch's evaluation. Switch will have ten (10) Business Days to review the documentation before any change in Switch's credit occurs. If under the methodology provided herein, Switch experiences a credit upgrade, Sierra Pacific will evaluate and adjust the unsecured credit limit accordingly, within ten (10) Business Days following Switch's request.

Definitions:

"Security Threshold" means the lower of (i) the applicable "Unsecured Credit Limit" set forth in Table B of this Exhibit C and (ii) the product of the applicable "Cap Percentage" set forth in Table B of this Exhibit C multiplied by the then-current tangible net worth of Switch.

"Contract Exposure" means all present value payment obligations of Switch then-outstanding under the Agreement, including without limitation amounts owed under invoices submitted to Switch pursuant to Section 4.5.

Table 1:

Score	Distressed		Weak		Fair		Strong		Excellent	
	0	0-0.5	0.5-1.0	1-1.25	1.25-1.5	1.5-1.75	1.75-2.0	2-2.25	2.25-2.5	2.5
Current Ratio	< or = 1.2	1.2-1.275	1.275-1.35	1.35-1.425	1.425-1.5	1.5-1.575	1.575-1.65	1.65-1.725	1.725-1.8	> or = 1.8
EBITDA/Interest Expense	< or = 1	1-1.75	1.75-2.5	2.5-3.25	3.25-4	4-6	6-8	8-10	10-12	> or = 12
Debt/Total Capital	> or = 0.6	0.6-0.55	0.55-0.5	0.5-0.45	0.45-0.4	0.4-0.35	0.35-0.3	0.3-0.25	0.25-0.2	< or = 0.2
Return on Sales	< or = (2%)	(2%) - (1.25%)	(1.25%) - (0.5%)	(0.5%) - 0.25%	0.25% - 1%	1% - 1.63%	1.63% - 2.25%	2.25% - 2.88%	2.88% - 3.5%	> or = 3.5%
D&B Financial Stress Score	< or = 1386	1386-1391.5	1391.5-1397	1397-1403	1403-1409	1409-1417	1417-1425	1425-1432.5	1432.5-1440	> or = 1440
D&B Commercial Credit Score	< or = 224	224-251	251-278	278-305.5	305.5-333	333-349	349-365	365-381	381-397	> or = 397

Table 2:

Metric	Score	Weight	Weighted Score
Current Ratio	X1	1.00	W1
EBITDA to Interest Expense	X2	1.00	W2
Debt to Total Capital	X3	1.00	W3
Return on Sales	X4	1.00	W4
D & B Financial Stress Score	X5	0.50	W5
D & B Commercial Credit Score	X6	0.50	W6
Total Score:	$=X1*1+X2*1+X3*1+X4*1+X5*0.5+X6*0.5$		

Table 3:

Total Score	Rating	Unsecured Credit Limit	Cap percentages
0.00	D	\$0	0.0%
0.00	C	\$0	0.0%
0.54	CC-	\$0	0.0%
1.09	CC	\$0	0.0%
1.63	CC+	\$0	0.0%
2.17	CCC-	\$0	0.0%
2.72	CCC	\$0	0.0%
3.26	CCC+	\$0	0.0%
3.80	B-	\$0	0.0%
4.35	B	\$0	0.0%
4.89	B+	\$0	0.0%
5.43	BB-	\$0	0.0%
5.98	BB	\$0	0.0%
6.52	BB+	\$0	0.0%
7.07	BBB-	\$6,000,000	3.0%
7.61	BBB	\$10,000,000	5.0%
8.15	BBB+	\$10,000,000	5.0%
8.70	A-	\$10,000,000	5.0%
9.24	A	\$15,000,000	7.5%
9.78	A+	\$15,000,000	7.5%
10.33	AA-	\$15,000,000	7.5%
10.87	AA	\$20,000,000	10.0%
11.41	AA+	\$20,000,000	10.0%
11.96	AAA	\$20,000,000	10.0%
12.50	AAA	\$20,000,000	10.0%

EXECUTION DRAFT

EXHIBIT D

SPPC Playa 1 Power Purchase Agreement

ATTACHMENT 2

**NV GREENENERGY RIDER
RENEWABLE ENERGY
AGREEMENT
BETWEEN**

**SIERRA PACIFIC POWER COMPANY d/b/a NV ENERGY,
as NV Energy,**

AND

**APPLE INC.,
as Customer**

dated November 30, 2015

This **RENEWABLE ENERGY AGREEMENT** (the “Agreement”) dated as of November 30, 2015 (the “Execution Date”), is made by and between SIERRA PACIFIC POWER COMPANY, a Nevada corporation doing business as NV Energy (“NV Energy”) and APPLE INC., a California corporation (“Customer”). NV Energy and Customer are also each referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, NV Energy is an electric service provider, as defined in NRS Section 704;

WHEREAS, Customer is currently taking retail electric service from NV Energy under the applicable tariff rate for various commercial facilities;

WHEREAS, Customer desires to operate its facilities in an environmentally friendly manner, including with respect to electricity usage;

WHEREAS, the Parties desire to enable Customer to achieve its environmental objectives without any burden to other customers of NV Energy;

WHEREAS, Customer has requested to utilize the NV GreenEnergy Rider Tariff, which allows NV Energy to enter into renewable energy agreements with GS-2 and larger customers;

WHEREAS, Customer has one or more retail accounts that are GS-2 or higher with NV Energy;

WHEREAS, consistent with the terms of the NV GreenEnergy Rider Tariff, on November 30, 2015, NV Energy and Boulder Solar II, LLC, entered into that certain Long-Term Renewable Power Purchase Agreement (the “Boulder Solar II Power Purchase Agreement”) whereby NV Energy purchases the energy, capacity, Portfolio Energy Credits and other renewable energy attributes from the Boulder Solar II photovoltaic solar electric generating facility under development in Clark County, Nevada, (the “Boulder Solar II Generating Facility”); and

WHEREAS, it is the intent of the Parties that this Agreement serve as the agreement between the Parties under the NV GreenEnergy Rider Tariff to facilitate Customer contracting for the Portfolio Energy Credits and other Renewable Energy Benefits associated with the Boulder Solar II Generating Facility for the term of the Boulder Solar II Power Purchase Agreement;

NOW THEREFORE, in consideration of the mutual promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

AGREEMENT

1. **DEFINITIONS.** As used in this Agreement, defined terms shall have the meaning set forth in this Agreement or as set forth in this Section 1.

1.1 **“Action”** means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

1.2 **“Affiliate”** means, with respect to NV Energy, Berkshire Hathaway Energy Company and its direct and indirect wholly-owned subsidiaries and, with respect to Customer, any other Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person.

1.3 **“Agreement”** means this Renewable Energy Agreement together with the Exhibits and Boulder Solar II Power Purchase Agreement attached hereto.

1.4 **“Boulder Solar II Generating Facility”** has the meaning set forth in the recitals hereto.

1.5 **“Boulder Solar II Power Purchase Agreement”** has the meaning set forth in the recitals hereto.

1.6 **“Business Day”** means any day, other than a Saturday, Sunday or legal holiday, on which commercial banks in Washoe County, Nevada, are generally open for the transaction of business.

1.7 **“Clean Power Plan”** means the final rule published by the United States Environmental Protection Agency in the Federal Register on October 23, 2015, at 80 Fed. Reg. 64662 et. seq., as the rule may be supplemented or revised after the Execution Date.

1.8 **“Commercial Operation Date”** has the meaning as defined in the Boulder Solar II Power Purchase Agreement, as specified in Exhibit B.

1.9 **“Confidential Information”** means any business, commercial or technology-related information of the disclosing Party (“Discloser”), including without limitation, information about the Discloser’s products or processes, any technical, financial, economic or commercial information and/or data, customer lists (potential or actual), other customer-related information, supplier-related information, market intelligence and marketing and other strategies whether or not the same relate to this Agreement. Confidential Information includes technical data, graphs, formulae, drawings, specifications, forms, manuals, software, data, trade secrets, documents, or business plans no matter the form (including verbal, handwritten, typewritten, printed, recorded, graphic or computer-generated) and:

1.9.1 includes information Discloser identified to the receiving Party (“Recipient”) in writing as being confidential upon or prior to disclosure or, in the case of information disclosed by oral communication or visual observation, within ten (10) Business Days after disclosure;

1.9.2 includes any Confidential Information, material or matter, trade secrets, product pricing or business strategies relating or pertaining to the business of the other Party that such Party learns of pursuant to this Agreement; but

1.9.3 excludes any information that: (a) at the time of disclosure is, or later becomes, publicly available other than due to the breach by Recipient of its obligations under Section 10.16, (b) was known to Recipient prior to its disclosure by Discloser, (c) is received by Recipient from a third party that, so far as the Recipient is aware, may disclose such information without breach

of any duty of confidentiality, or (d) Recipient can demonstrate that it has been independently developed by Recipient without any use of Discloser's Confidential Information.

1.10 **“Contract Year”** means each year during the Term beginning on January 1 and ending on December 31 of the calendar year following the Commercial Operation Date.

1.11 **“Event of Default”** has the meaning set forth in Section 8.1.

1.12 **“Effective Date”** has the meaning set forth in Section 2.1.

1.13 **“Execution Date”** has the meaning set forth in the recitals hereto.

1.14 **“Governmental Entity”** means any federal, state, or local government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of law), or any arbitrator, court or tribunal of competent jurisdiction.

1.15 **“kWh”** means kilowatt-hour.

1.16 **“NV GreenEnergy Rider Tariff”** has the meaning set forth in the recitals hereto.

1.17 **“NRS”** means the Nevada Revised Statutes, as amended.

1.18 **“PC”** or **“Portfolio Energy Credit”** means a unit of credit which equals one kilowatt-hour of electricity generated, acquired or saved (or deemed so), all as calculated by the PUCN Regulatory Operations Staff and certified by the PC Administrator pursuant to the Renewable Energy Law (or by a successor Governmental Entity pursuant to a successor law if the Renewable Energy Law is replaced, superseded or preempted by another law or regulatory regime tasked with enforcement of renewable energy quotas by utility providers in Nevada), and certified by WREGIS.

1.19 **“PC Administrator”** means the Person appointed by the PUCN to administer the system of Portfolio Energy Credits established pursuant to the Renewable Energy Law or a successor law if the Renewable Energy Law is replaced, superseded or preempted by another law or regulatory regime tasked with enforcement of renewable energy quotas by users or utility providers in Nevada.

1.20 **“Permitted Transferee”** means an Affiliate of either Party to this Agreement.

1.21 **“Person”** means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, Governmental Entity, or other entity.

1.22 **“PUCN”** means the Public Utilities Commission of Nevada and any successor entity thereto.

1.23 **“Renewable Energy Benefits”** has the meaning as defined in the Boulder Solar II Power Purchase Agreement.

1.24 **“Renewable Energy Law”** means an act of the Nevada Legislature relating to energy, or law that affects Customer’s renewable energy consumption or that requires certain electric service providers to comply with the portfolio standard for renewable energy, and providing for other matters relating thereto, codified as NRS 704.7801 through 704.7828, inclusive, and the rules and regulations of WREGIS, and the regulations, guidance and other requirements promulgated thereunder, in each case as such laws, regulations, guidance and requirements may be amended, preempted or superseded.

1.25 **“Renewable Resource Rate”** means the fixed rate, in dollars per kWh, set forth in Exhibit A attached hereto.

1.26 **“Tax” or “Taxes”** means the applicable federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property (including assessments, fees or other charges based on the use or ownership of real property), personal property, transactional, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, or any liability for unclaimed property or escheatment under common law principles, including any interest, penalty or addition thereto, whether disputed or not, including any item for which liability arises as a transferee or successor-in-interest.

1.27 **“Term”** has the meaning set forth in Section 2.1.

1.28 **“WREGIS”** means the Western Renewable Energy Generation Information System, or a successor organization or system.

2. **TERM AND TERMINATION.**

2.1 **Term.** This Agreement commences on the later of (a) the date this Agreement and the Boulder Solar II Power Purchase Agreement are approved by the PUCN, which approval NV Energy shall seek within thirty (30) days of the mutual execution of this Agreement and (b) the Commercial Operation Date of the Boulder Solar II Generating Facility (the “Effective Date”). This Agreement will expire on the date that the Boulder Solar II Power Purchase Agreement expires or terminates pursuant to its terms (the “Term”), unless extended by mutual written agreement of the Parties. NV Energy may extend the term of the Boulder Solar II Power Purchase Agreement without the consent of Customer, though such extension will not extend the term of this Agreement without the consent of Customer.

3. **ENERGY SUPPLY.**

3.1 **Sale of Portfolio Energy Credits.**

- (a) Commencing on the Effective Date, NV Energy shall upload to Customer’s designated WREGIS account the Portfolio Energy Credits realized from the energy output of the Boulder Solar II Generating Facility and to which NV Energy is entitled under the Boulder Solar II Power Purchase Agreement. Customer shall pay the Renewable Resource Rate for each kWh of energy generated by, and associated with, the Boulder Solar II Generating Facility and uploaded by NV Energy to WREGIS on Customer’s behalf, as provided herein.

- (b) No later than sixty (60) days following the Effective Date, NV Energy shall upload to Customer's designated WREGIS account the PCs realized from the energy output of the Boulder Solar II Generating Facility prior to the Effective Date and to which NV Energy is entitled under the Boulder Solar II Power Purchase Agreement.

3.2 Customer Acknowledgements. Customer acknowledges and agrees that:

3.2.1 For the Term of this Agreement, Customer shall purchase from NV Energy, under the NV GreenEnergy Rider Tariff and pursuant to the terms of this Agreement, all available PCs and Renewable Energy Benefits delivered to NV Energy associated with the Boulder Solar II Generating Facility as determined by the production information uploaded by NV Energy to Customer's designated WREGIS account;

3.2.2 Based upon Customer's current load growth forecasts, Customer anticipates its load growth within NV Energy's service territory in calendar years 2017 and 2018 will equal or exceed the anticipated energy output as set forth in the Boulder Solar II Power Purchase Agreement. Customer anticipates that its load within NV Energy's service territory will grow approximately forty-five percent (45%) from 2017 until 2019, at which time Customer anticipates that its load will level and remain constant. For purposes of clarity, Customer is basing its anticipated load growth forecast on Customer's currently available load projections. If Customer's actual load growth deviates from the anticipated load growth set forth in this Section, such deviation shall not be deemed an Event of Default;

3.2.3 NV Energy retains all energy and capacity from the Boulder Solar II Generating Facility;

3.2.4 Customer shall receive bundled electric service from NV Energy under the tariff applicable to the Customer pursuant to the terms of such tariff;

3.2.5 Notwithstanding anything to the contrary in this Agreement, Customer is not receiving electric service from the Boulder Solar II Generating Facility under the Boulder Solar II Power Purchase Agreement, under this Agreement or otherwise; and

3.2.6 This Agreement is entered into pursuant to the NV GreenEnergy Rider Tariff and all terms and conditions of the NV GreenEnergy Rider Tariff are incorporated into this Agreement by this reference. It is the intent of the Parties that this Agreement is consistent with the terms and conditions of the NV GreenEnergy Rider Tariff.

4. **PORTFOLIO ENERGY CREDITS AND RENEWABLE ENERGY BENEFITS.**

4.1 Price. For the entirety of the Term, for the PCs and other Renewable Energy Benefits purchased by Customer hereunder, Customer shall pay the Renewable Resource Rate, as set forth in Exhibit A, for each kWh of energy output generated by the Boulder Solar II Generating Facility as determined by the production information uploaded by NV Energy to Customer's designated WREGIS account. For clarity, the obligations of NV Energy and Customer to sell and purchase, respectively, such PCs under this Agreement shall apply irrespective of (i) Customer's actual electric energy requirements or (ii) the RPS obligations of NV Energy.

4.2 Certification of Portfolio Energy Credits. NV Energy will take such commercially reasonable actions as may be necessary and appropriate to cause WREGIS and the PC Administrator to certify or otherwise validate in a timely manner all PCs sold by NV Energy to Customer under this Agreement. The Parties acknowledge and agree that the certification of PCs is registry dependent, and that the timing of certification is solely at the registry's discretion. NV Energy shall not be held liable for certification delays or denials beyond its control. In the event Portfolio Energy Credits from the Boulder Solar II Generating Facility for which Customer has paid NV Energy are rejected or not certified by WREGIS due to any action or omission by NV Energy, NV Energy shall refund to Customer, by providing a credit on Customer's next monthly bill, an amount equal to the Renewable Resource Rate (on a per kWh basis) times the kWh of PCs rejected or not certified by WREGIS.

4.3 Monthly Invoices. Beginning the month after the first month in which NV Energy uploads production data from the Boulder Solar II Generating Facility to Customer's designated WREGIS account, an invoice will be sent to Customer monthly, showing the kWh generated by the Boulder Solar II Generating Facility during the previous calendar month, the Renewable Resource Rate and any other applicable Taxes or fees imposed by a Government Entity, WREGIS (or similar registrant) or the PC Administrator relating to the PCs or service under the NV GreenEnergy Rider Tariff. Each such monthly invoice will set forth the total amount payable by Customer for the PCs. Subject, to Section 4.2 above, the amount due shall be payable regardless of the status of any certification of, or transfer procedures with respect to, any such PCs. The monthly invoice shall be provided to Customer by the method or methods authorized by the tariff schedule or schedules pursuant to which Customer receives bundled electric service. NV Energy's first monthly invoice following the Effective Date shall include the costs associated with kWhs generated by the Boulder Solar II Generating Facility prior to the Effective Date, if any.

4.4 Payment Terms. The otherwise applicable payment terms as issued on each monthly NV Energy invoice, as provided by tariff schedule or schedules pursuant to which Customer receives bundled electric service or by other written agreement of the Parties, will apply to all amounts due under this Agreement.

4.5 Transfer of Portfolio Energy Credits. Notwithstanding the foregoing, the Parties may elect such other transfer procedures for PCs as the Parties may mutually agree, acting reasonably, provided that NV Energy shall not be required to incur any additional costs or expense for such PCs or the transfer thereof.

4.6 NV Energy Right to Purchase Renewable Energy Benefits. NV Energy shall have the right to purchase from Customer at the Renewable Resource Rate any non-PC Renewable Energy Benefit from Customer related to the characteristics or output of the Boulder Solar II Generating Facility, to the extent such purchase is deemed necessary by NV Energy to satisfy compliance with the State of Nevada's or the federal government's implementation of the Clean Power Plan. No such purchase by NV Energy under this Section 4.6 may adversely impact Customer's continued rights and obligations to purchase PCs under this Agreement.

5. ASSIGNMENT.

5.1 Assignment. Neither Party shall assign this Agreement, or any of its rights or obligations under this Agreement, without the prior written consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned), and any attempted assignment of this Agreement without

such consent shall be null and void; provided, however, that upon prior written notice to the other Party either Party may assign this Agreement to a Permitted Transferee without such consent, provided that the assigning Party is not released from its obligations under this Agreement as a result of such assignment and remains directly liable for such obligations. For purposes of this Agreement, any public or private offering of Apple's capital stock or the sale of Apple's capital stock through any public exchange shall not be deemed an assignment or sublease and thus may occur without the prior consent of NV Energy.

5.2 Change in Law Assignment. In the event that applicable Nevada or federal law is revised to allow Customer to directly or through a provider other than NV Energy, purchase the PCs, Renewable Energy Benefits, capacity, energy, and any available ancillary services from the Boulder Solar II Generating Facility through the Boulder Solar II Power Purchase Agreement, Customer may terminate this Agreement upon twelve (12) months' prior written notice to NV Energy provided: (i) that Boulder Solar II, LLC (or its successor), accepts a novation whereby Customer, an Affiliate or a qualified provider of Customer's choosing, replaces NV Energy as the counterparty under the Boulder Solar II Power Purchase Agreement and NV Energy is fully relieved of all obligations under the Boulder Solar II Power Purchase Agreement; and (ii) Customer complies with applicable legal conditions precedent (including any conditions imposed by the PUCN or an alternative applicable Governmental Entity) to approving such novation, if any. Each Party will exercise good faith efforts in implementing the intent of this Section 5.2 with respect to the Boulder Solar II Generating Facility. Neither NV Energy nor any of its Affiliates will oppose Customer's application for and approval of such novation. The Parties agree that Customer's rights under this Section 5.2 cannot be exercised under Nevada or federal law as such laws exist as of the Execution Date.

6. NOTICES.

6.1 Method of Delivery; Contacts. Except for the monthly invoice under Section 4.3, each notice, consent, request, or other communication required or permitted under this Agreement must be in writing, delivered personally or sent by certified mail (postage prepaid, return receipt requested), by email (with electronic confirmation of receipt), or by a recognized international courier or overnight delivery service provider, and addressed to a Party as follows:

Customer:

Apple Inc.
1 Infinite Loop, MS: 318-2CP
Cupertino, CA 95014
Attention: Real Estate & Facilities
Email: CorpRENotices@apple.com

With a copy of all notices also delivered to:

Apple Inc.

1 Infinite Loop, MS: 119-REF
Cupertino, CA 95014
Attention: Global Energy Group

And to:
Apple Inc.
1 Infinite Loop, MS 4-D LAW
Cupertino, CA 95014
Attention: Real Estate Law Department

A copy of notices for monetary amounts due must also be sent to the following email address (in addition to the copy sent to the address above):
CorpREInvoices@apple.com

NV Energy:

NV Energy
6226 W. Sahara Ave., M/S 13
Las Vegas, NV 89146
Attention: Manager, Energy Supply Contract Management

With a copy to:

NV Energy
6226 W. Sahara Ave., M/S 2
Las Vegas, NV 89146
Attention: General Counsel
Facsimile No.: 702-402-5300

6.2 Receipt of Notice; Change of Information. Each notice, consent, request, or other communication is deemed to have been received by the Party to whom it was addressed (a) when delivered if delivered personally; (b) on the third (3rd) Business Day after the date of mailing if mailed by certified mail; (c) on the date officially recorded as delivered according to the record of delivery if delivered by courier or overnight delivery; or (d) on the first Business Day after the email transmission if delivered by email and a copy of the notice is deposited in the U.S. Mail. Each Party may change its contact information for purposes of the Agreement by giving written notice to the other Party in the manner set forth above.

7. CONDITIONS TO EFFECTIVENESS. As provided in Section 2.1, the effectiveness of this Agreement is conditioned upon the following:

(b) NV Energy's receipt of approval by the PUCN by April 13, 2015, of this Agreement, the Boulder Solar II Power Purchase Agreement, and the transactions contemplated hereby and thereby, without conditions, modifications or terms that are unacceptable to the Parties in their individual sole and absolute discretion, and which approval is not the subject of (i) a petition for reconsideration or rehearing, (ii) a petition for judicial review, or (iii) a petition for a preliminary injunction; and

(a) achievement of the Commercial Operation Date.

8. DEFAULT; REMEDIES.

8.1 With respect to a Party, there shall be an “Event of Default” if:

8.1.1 such Party fails to pay any amount due pursuant to this Agreement within the period specified in the NV GreenEnergy Rider Tariff or within thirty (30) days after such amount is due when no other period is specified in the NV GreenEnergy Rider Tariff, provided NV Energy shall provide written notice of such non-payment to Customer and Customer shall have ten (10) days to cure such non-payment;

8.1.2 such Party is in breach of any representation or warranty set forth herein or fails to perform any material obligation set forth in this Agreement and such breach or failure is not cured within sixty (60) days after written notice of the default is provided to the defaulting Party from the non-defaulting Party; provided, however, that the cure period shall be extended by an additional thirty (30) days if the defaulting Party is unable to cure within the sixty (60) days, but is pursuing a cure with reasonable diligence;

8.1.3 such Party files any voluntary petition in bankruptcy, or such Party’s creditor’s files an involuntary petition, which involuntary petition remains undischarged for a period of thirty (30) days.

8.2 Termination. Upon the occurrence of an Event of Default, the non-defaulting Party shall provide notice of the default to the defaulting Party and shall specify in such notice the basis for the Event of Default. In addition to the cure periods specified in Section 8.1, the defaulting Party shall have an additional fifteen (15) days from the date the defaulting Party receives written notice of Event of Default to cure the Event of Default, unless another period to cure is specified in this Agreement. If the Event of Default is not cured within the fifteen-day period, the non-defaulting Party may provide notice to the defaulting Party that the Agreement has terminated. The termination shall be effective upon transmittal of the notice by any means specified in this Agreement to the defaulting Party. The defaulting Party shall remain liable for any obligations that Party had pursuant to the Agreement prior to the date of termination, in addition to any other surviving obligations specified herein or remedies available pursuant to Section 8.3.

8.3 Remedies. Subject to Sections 8.1, 8.2 and 8.4, upon an Event of Default by a Party, the other Party shall have, in addition to any other remedies available to such Party at law or in equity, the right, but not the obligation, to terminate or suspend this Agreement with respect to all obligations arising after the effective date of such termination or suspension (other than payment obligations relating to obligations arising prior to such termination or suspension).

8.4 Damages. In the event this Agreement is terminated by NV Energy due to an Event of Default by Customer prior to the end of the Term, Customer shall be liable for damages equal to the Renewable Resource Rate, plus applicable fees and costs associated with the transfer of the Portfolio Energy Credits, that would have been charged to Customer from the date of termination to the end of the Term. NV Energy will transfer to Customer, consistent with the terms of this Agreement, those Portfolio Energy Credits for which Customer pays the Renewable Resource Rate. NV Energy shall use commercially reasonable efforts to mitigate damages by marketing to other persons the Portfolio Energy Credits that would have been purchased by Customer under this Agreement or using the Portfolio Energy Credits for NV Energy’s compliance with the Renewable Energy Law requirements. In the event NV Energy is able to sell or internally use such Portfolio Energy Credits that would have been purchased by Customer under this Agreement, the damages due from Customer will be adjusted to reflect the value of such sales or internal use. This Section 8.4 is intended to be the exclusive damages available to NV Energy

in the event of termination of this Agreement due to an Event of Default by Customer. Each Party shall use commercially reasonable efforts to mitigate damages.

9. **CREDIT ASSURANCES.**

9.1 **Security.** Except as provided for in Section 9.2, Customer is not required to post any form of security for its performance and obligations related to this Agreement.

9.2 **Reassessment of Customer's Credit.** NV Energy may, upon its own initiative, perform a reassessment of Customer's credit profile, and if Customer's long-term credit rating has fallen below investment grade, as defined and determined by any nationally recognized ratings agency, then, at NV Energy's request, Customer will post security in a form and amount agreed to by the Parties.

10. **MISCELLANEOUS PROVISIONS.**

10.1 **Limitation of Liability.** Notwithstanding anything to the contrary contained in this Agreement, neither Party shall be liable to the other Party or a third party for any consequential, indirect, exemplary, expectation or incidental damages, including but not limited to damages based on lost revenues or profits. This Section shall survive the expiration or earlier termination of, or any default or excuse of performance under, this Agreement.

10.2 **Taxes, Fees or Charges from Governmental Entities.** Customer is responsible for any Taxes, fees or charges including but not limited to those from Governmental Entities imposed on or associated with the Portfolio Energy Credits or their transfer to Customer. Either Party, upon written request of the other Party, shall provide a certificate of exemption or other reasonably satisfactory evidence of exemption if such Party is exempt from Taxes, and shall use reasonable efforts to obtain and cooperate with the other Party in obtaining any exemption from or reduction of any Tax, fee or charges including but not limited to those from Government Entities. NV Energy shall be entitled to any and all tax benefits associated with and resulting from its association with the Boulder Solar II Generating Facility or any production therefrom.

10.3 **No Waiver.** The failure of either Party to enforce any of the provisions of this Agreement at any time, or to require performance by either Party of any of the provisions of this Agreement at any time, will not be a waiver of any provisions, nor in any way affect the validity of the Agreement, or either Party's right to enforce each and every provision hereof.

10.4 **Remedies.** All rights and remedies of either Party provided for in this Agreement are cumulative and in addition to, and not in lieu of, any other remedies available to either Party at law, in equity, or otherwise, except as discussed in Section 10.1.

10.5 **Governing Law; Venue.** This Agreement is governed by and must be construed in accordance with the laws of the State of Nevada, without giving effect to its conflict of law provisions. Nothing in this agreement is designed to eliminate the PUCN's jurisdiction over matters within its jurisdiction. In the event a court of competent jurisdiction has jurisdiction over a civil action or remedy brought under this Agreement, the Parties agree that they will first seek to initiate such action in the federal district court of Nevada with jurisdiction over Washoe County, Nevada. In the event the federal district court lacks jurisdiction over such a dispute, the Parties agree the dispute will be brought in the Nevada

state district court for Washoe County, Nevada in Reno, Nevada. Both Parties agree that they will not initiate an Action against the other Party in any other jurisdiction.

10.6 Waiver of Jury Trial. To the fullest extent permitted by law, each of the Parties hereto waives any right it may have to a trial by jury in respect of litigation directly or indirectly arising out of, under or in connection with this Agreement. Each Party further waives any right to consolidate any action in which a jury trial has been waived with any other action in which jury trial cannot be or has not been waived.

10.7 Integration. This Agreement represents the entire and integrated agreement between NV Energy and Customer and supersedes all prior and contemporaneous oral and written communications, representations, and agreements relating to the subject matter of the transaction, except as otherwise expressly stated herein.

10.8 Amendments. Any change, modification, or amendment to this Agreement is not enforceable unless consented to in writing by the Parties and executed with the same formality as this Agreement.

10.9 Severability. If any portion or provision of this Agreement is invalid, illegal, or unenforceable, or any event occurs that renders any portion or provision of the Agreement void, the other portions or provisions of this Agreement will remain valid and enforceable. Any void portion or provision will be deemed severed from this Agreement, and the balance of this Agreement will be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The Parties further agree to amend this Agreement to replace any stricken portion or provision with a valid provision that comes as close as possible to the intent of the stricken portion or provision.

10.10 No Third-Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or should be construed, to confer upon or give any person or entity not a party to this Agreement any third-party beneficiary rights, interests, or remedies under or by reason of any term, provision, condition, undertaking, warranty, representation, or agreement contained in this Agreement.

10.11 Headings; Exhibits; Cross References. The headings or section titles contained in this Agreement are used solely for convenience and do not constitute a part of this Agreement, nor should they be used to aid in any manner in the construction of this Agreement. All exhibits and schedules attached to this Agreement are incorporated into this Agreement by reference. All references in this Agreement to Sections, Subsections, Exhibits, and Schedules are to Sections, Subsections, Exhibits, and Schedules of or to this Agreement, unless otherwise specified. And, unless the context otherwise requires, the singular includes the plural and the plural includes the singular and the neuter includes feminine and masculine.

10.12 Performance of Acts on Business Days. Any reference in this Agreement to time of day refers to local time in Washoe County, Nevada. All references to days in this Agreement refer to calendar days, unless stated otherwise. If the final date for payment of any amount or performance of any act required by this Agreement falls on a day other than a Business Day, that payment is required to be made or act is required to be performed on the next Business Day.

10.13 Business Formation. Nothing in this Agreement creates a partnership, joint venture or other similar business construct between the Parties.

10.14 Survival. To the extent necessary to reflect the intent of the Parties under this Agreement, the provisions of Section 1, 4, 8 & 10 shall survive the termination of this Agreement.

10.15 Representations and Warranties.

10.15.1 Customer's Standing. Customer represents that, as of the date of this Agreement, it (a) is duly organized, validly existing and in good standing under the laws of the State of California, and (b) is licensed to do business in the State of Nevada.

10.15.2 Customer's Authority; Enforceability. Customer has the full entity power and authority to execute and deliver this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Customer of this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, and the performance by Customer of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary entity action, and assuming due and valid authorization, execution and delivery thereof by the other Party, will be when delivered, valid and binding obligations of Customer, enforceable against Customer in accordance with their terms.

10.15.3 No Pending Actions, Suits or Proceedings Against Customer. Customer represents that, to its knowledge, as of the date of this Agreement, there are no Actions pending or threatened against Customer in any court or before any administrative agency that would prevent its performance under this Agreement.

10.15.4 NV Energy's Standing. NV Energy represents that, as of the date of this Agreement, it (a) is duly organized, validly existing and in good standing under the laws of the State of Nevada, and (b) is licensed to do business in the State of Nevada.

10.15.5 NV Energy's Authority; Enforceability. NV Energy has the full entity power and authority to execute and deliver this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by NV Energy of this Agreement and the other transaction documents to which it will be a party in connection with the transactions contemplated hereby, and the performance by NV Energy of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary entity action, and assuming due and valid authorization, execution and delivery thereof by the other Party, will be when delivered, valid and binding obligations of NV Energy enforceable against NV Energy in accordance with their terms.

10.15.6 No Pending Actions, Suits or Proceedings against NV Energy. NV Energy represents that, to its knowledge as of the date of this Agreement, there are no Actions pending or threatened against NV Energy in any court or before any administrative agency that would prevent its performance under this Agreement.

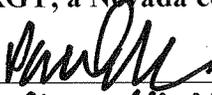
10.16 Confidentiality. Each Party agrees to keep strictly confidential all Confidential Information. Notwithstanding the preceding sentence, (a) each Party may disclose Confidential Information to its employees, legal counsel, accountants, and other advisors on an as-needed basis and (b)

after providing notice to Customer and subject to entering into a protective agreement, NV Energy may undertake confidential discussions with, and provide documents and other information to, any Governmental Entity having jurisdiction over NV Energy's operations, the PUCN and its Regulatory Operations Staff and the Nevada Attorney General's Bureau of Consumer Protection, to the extent NV Energy believes such discussions and disclosures are appropriate. If either Party becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process or applicable law to disclose Confidential Information, the compelled Party shall, prior to disclosure and to the extent legally permitted, undertake reasonable efforts to obtain a protective agreement. The compelled party shall also use reasonable efforts to provide the other Party with prompt written notice of such requirement prior to disclosure so that the other Party may seek (at its sole cost and expense) a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. If such protective order or other remedy is not obtained, and the other Party has not waived compliance with the provisions hereof, the compelled Party, upon the advice of counsel, will furnish only that portion of the Confidential Information that it is legally required to so furnish and, at the request of the other Party, use reasonable efforts to obtain assurance that confidential treatment will be accorded such disclosed Confidential Information. Each Party will be responsible for any unauthorized disclosure of Confidential Information by its representatives, and each Party agrees to return or destroy the Confidential Information of the other Party promptly upon request.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the Execution Date.

**SIERRA PACIFIC POWER COMPANY d/b/a NV
ENERGY, a Nevada corporation**

By: 
Name: PAUL CANNON
Title: PRESIDENT & CEO

APPLE INC., a California corporation

By: _____
Name: _____
Title: _____

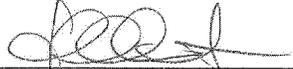
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, this Agreement has been duly executed by the Parties as of the Execution Date.

**SIERRA PACIFIC POWER COMPANY d/b/a NV
ENERGY, a Nevada corporation**

By: _____
Name: _____
Title: _____

APPLE INC., a California corporation

By:  _____
Name: LUCA MAESTRI
Title: SENIOR VP AND CFO

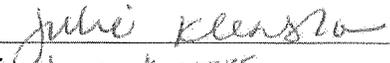
By:  _____
Name: JULIE KLENZKE
Title: SR. DIR., CORP. PROCUREMENT

EXHIBIT A

RENEWABLE RESOURCE RATE

The Renewable Resource Rate shall be \$0.00412 per kWh.

EXHIBIT B

BOULDER SOLAR II GENERATION FACILITY POWER PURCHASE AGREEMENT

DRAFT NOTICE

**PUBLIC UTILITIES COMMISSION OF NEVADA
DRAFT NOTICE
(Applications, Tariff Filings, Complaints, and Petitions)**

Page 1 of 2

Pursuant to Nevada Administrative Code (“NAC”) 703.162, the Commission requires that a draft notice be included with all applications, tariff filings, complaints and petitions. Please complete and include **ONE COPY** of this form with your filing. (Completion of this form may require the use of more than one page.)

A title that generally describes the relief requested (see NAC 703.160(5)(a)):

IN THE MATTER of the Application of Sierra Pacific Power Company d/b/a NV ENERGY seeking approval of two Renewable Energy Agreements with Switch, Ltd. and Apple.

The name of the applicant, complainant, petitioner or the name of the agent for the applicant, complainant or petitioner (see NAC 703.160(5)(b)):

Sierra Pacific Power Company d/b/a NV Energy

A brief description of the purpose of the filing or proceeding, including, without limitation, a clear and concise introductory statement that summarizes the relief requested or the type of proceeding scheduled **AND** the effect of the relief or proceeding upon consumers (see NAC 703.160(5)(c)):

Sierra Pacific files this Application seeking approval of two Renewable Energy Agreements between Sierra Pacific and Switch and Sierra Pacific and Apple. Under each Renewable Energy Agreement, Switch and Apple will achieve their respective objectives to operate their data centers utilizing all renewable energy resources from renewable generators built and located in Nevada. Switch, Apple, Sierra Pacific and Sierra Pacific’s customers all benefit from approval of the proposed agreement.

A statement indicating whether a consumer session is required to be held pursuant to Nevada Revised Statute (“NRS”) 704.069(1)¹:

A consumer session is not required.

If the draft notice pertains to a tariff filing, please include the tariff number **AND** the section number(s) or schedule number(s) being revised.

Not applicable.

¹ NRS 704.069 states in pertinent part:

1. The Commission shall conduct a consumer session to solicit comments from the public in any matter pending before the Commission pursuant to NRS 704.061 to 704.110 inclusive, in which:
 - (a) A public utility has filed a general rate application, an application to recover the increased cost of purchased fuel, purchased power, or natural gas purchased for resale or an application to clear its deferred accounts; and
 - (b) The changes proposed in the application will result in an increase in annual gross operating revenue, as certified by the applicant, in an amount that will exceed \$50,000 or 10 percent of the applicant’s annual gross operating revenue, whichever is less.

TESTIMONY

SHAWN M. ELICEGUI

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Sierra Pacific Power Company d/b/a NV Energy
Docket No. 15-11
Renewable Energy Agreement with Switch, Ltd. and Apple
Prepared Direct Testimony of

Shawn M. Elicegui

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7 **1. Q. PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS ADDRESS**
8 **AND PARTY FOR WHOM YOU ARE FILING TESTIMONY.**

9 A. My name is Shawn M. Elicegui. I am the Senior Vice President, Regulatory and
10 Strategic Planning for NV Energy and its operating utilities, Nevada Power
11 Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company
12 d/b/a NV Energy (“Sierra”). I will refer to Nevada Power and Sierra as the
13 “Companies.” My primary business address is 6100 Neil Road, Reno, Nevada. I
14 am filing testimony on behalf of the Sierra.

15
16 **2. Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND**
17 **EXPERIENCE.**

18 A. I hold a Bachelor of Arts in Political Science and International Affairs from the
19 University of Nevada Reno. I earned a law degree from the University of
20 California, Davis. Before joining the Companies in 2009, I was a shareholder in
21 the law firm of Lionel Sawyer & Collins. Between 2009 and 2013, I served as an
22 Associate General Counsel for the Companies. I focused on matters related to rate
23 making and resource planning. More details regarding my professional
24 background and experience are set forth in my Statement of Qualifications,
25 included as **Exhibit Elicegui-Direct-1.**

1 3. Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC
2 UTILITIES COMMISSION OF NEVADA (“NEVADA COMMISSION”)?

3 A. Yes. I have filed prepared testimony in integrated resource planning proceedings
4 before the Nevada Commission. I also provided prepared testimony in Docket No.
5 15-08005, which involved Nevada Power’s first renewable energy contract with a
6 customer under Nevada Power’s NV GreenEnergy Rider (“NGR”) schedule.

7
8 4. Q. WHAT IS THE PURPOSE OF THIS FILING?

9 A. Sierra makes this filing pursuant to NAC § 703.535 and Schedule NV
10 GreenEnergy Rider (“NGR Tariff”). This filing seeks Commission approval of
11 green energy agreements between Switch and Sierra and between Apple and
12 Sierra (the “Renewable Energy Agreements”). Pursuant to the NGR Tariff, to
13 obtain approval of the Renewable Energy Agreements, Sierra must show that (a)
14 Apple and Switch have agreed to pay a premium – an amount in addition to its
15 otherwise applicable tariff-rate – for the renewable credits produced by new solar
16 photovoltaic generating units and (b) that the Renewable Energy Agreements do
17 not adversely affect Sierra’s customers.

18
19 5. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

20 A. My prepared direct testimony explains how the Renewable Energy Agreements
21 advance Nevada’s energy policy, provide mutual benefits to Switch, Apple and
22 the Companies’ customers, and have the potential to positively impact Nevada’s
23 economy.

1 **6. Q. DO THE RENEWABLE ENERGY AGREEMENTS PROVIDE BENEFITS**
2 **TO APPLE, SWITCH AND THE COMPANIES’ CUSTOMERS?**

3 A. Yes. First, the Renewable Energy Agreements provide benefits to Apple and
4 Switch by facilitating the growth of these businesses in a cost-effective and
5 sustainable manner. Second, Apple and Switch receive the portfolio energy
6 credits associated with the production of the new renewable energy facilities
7 respectively tied to the Renewable Energy Agreements. Apple and Switch will
8 benefit by growing their business, reducing their carbon footprint, and offering a
9 service that their customers demand.

10 The Companies’ customers also benefit from the power purchase agreements and
11 the Renewable Energy Agreements. First, the Companies’ customers and all
12 residents of the State benefit from the economic development associated with the
13 construction of two new renewable energy facilities in Nevada, especially where,
14 as is the case here, the power purchase agreement prices are competitive with
15 other options. Second, the Companies’ customers benefit because low-cost,
16 emission free energy is delivered to the Companies’ respective systems. The
17 power purchase agreements diversify the Companies’ respective generation
18 portfolios and provide long-term sources of energy and capacity at a predictable
19 price.
20

21 The transactions provide a classic “win-win” situation benefiting Apple, Switch
22 the Companies’ customers and, importantly, the State of Nevada. The State
23 benefits through the advancement of its energy policy – the addition of a new, 79
24 MW photovoltaic facility and a new, 50 MW photovoltaic facility has both short-
25 term and long-run economic benefits. As shown in the integrated resource plan
26

1 narrative, these solar projects have positive impacts on the local economy. Under
2 the Renewable Energy Agreements, Apple and Switch pay the renewable resource
3 rate which reduces the cost of the power purchase agreements; thus, the
4 Companies will add two renewable energy resources to their supply portfolios in a
5 cost-effective manner.

6
7 **7. Q. DOES THE ADDITION OF LONG-TERM POWER PURCHASE**
8 **AGREEMENTS TO SIERRA'S GENERATION PORTFOLIO**
9 **ADVERSELY AFFECT THE COMPANIES' CUSTOMERS?**

10 A. No. Sierra needs to either produce or procure additional energy and, in the long-
11 run, capacity to provide electric service to Switch's and Apple's incremental load
12 in northern Nevada. In other words, in the short-run, Sierra would need to
13 purchase additional natural gas and have the gas delivered to their respective
14 generating plants,¹ or purchase additional energy from the wholesale market to
15 meet a new service requests from Apple or Switch. In the long-run, additional
16 service requests necessitate the addition of a new generating resource, either in
17 the form of a power purchase agreement or the construction of a new resource.

18
19 Accordingly, Sierra is not procuring excess capacity or energy – instead, Sierra is
20 entering into long-term power purchase agreements that are linked (i.e., have both
21 a temporal and quantitative nexus with) to the incremental service requested by
22 Apple and Switch. Moreover, as I explained above, the Renewable Energy
23 Agreements ensure that the Companies' customers do not see increased electric
24 prices because of the resource additions.

25
26
27 ¹ Depending on the price of natural gas, Nevada Power and Sierra could also purchase additional coal and
have the coal delivered to the Companies' respective coal-fired generating facilities.

1 8. Q. WHY ARE THE COMPANIES REQUESTING THAT THE COMMISSION
2 APPROVE THE POWER PURCHASE AGREEMENTS AND THE
3 RENEWABLE ENERGY AGREEMENTS IN AN EXPEDITED TIME
4 FRAME?

5 A. Primarily, for two reasons. First, Switch and Apple have requested that the
6 Companies begin providing service to new load beginning in 2016. Second, the
7 pricing associated with the power purchase agreements with SunPower and First
8 Solar and, therefore, the pricing in the Renewable Energy Agreements assumes
9 that the facilities will be placed into service in 2016 and qualify for the 30 percent
10 federal investment tax credit. The transactions thus present an opportunity to take
11 advantage of existing federal tax incentives that will be reduced if the facility
12 does not meet the requirements for that incentive.

13
14 9. Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

15 A. I recommend that the Commission authorize the renewable energy transactions
16 between Sierra and Apple and between Sierra and Switch. I also request that the
17 Nevada Commission act expeditiously in order to maximize the probability that
18 the facility will qualify for the existing 30 percent federal investment tax credit.

19
20 10. Q. ARE ANY OF THE MATERIALS YOU ARE SPONSORING
21 CONFIDENTIAL?

22 A. No.

23
24 11. Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?

25 A. Yes.

26

27

QUALIFICATIONS OF WITNESS

Shawn M. Elicegui
Senior Vice President, Regulation and Strategic Planning
NV Energy
6100 Neil Rd.
Reno, NV 89511

EDUCATION

University of California-Davis, King Hall School of Law

J.D., Order of the Coif – 1996

University of Nevada-Reno

B.A., Political Science and International Affairs, With Distinction – 1993

PROFESSIONAL EXPERIENCE

NV ENERGY, Reno, Nevada

Senior Vice President Regulation and Strategic Planning, February 2015 - Present

Vice President Regulation, December 2013 to February 2015

Associate General Counsel, 2009-2013

- As Senior Vice President, Regulation and Strategic Planning, my responsibilities include overseeing the rates and regulatory team, the resource planning team and strategic planning activities.
- As Vice President, Regulation, my responsibilities include overseeing the rates and regulatory team and the resource planning team.
- As an Associate General Counsel, I provided legal and regulatory advice to the Companies. I also represented the Companies in contested cases, investigations and rulemaking proceedings before the Public Utilities Commission of Nevada.

LIONEL, SAWYER & COLLINS, Reno, Nevada

Shareholder, January 2005-2009

Associate, August 1997-December 2004

- Represented corporate and individual clients in a variety of regulatory matters before local, state and federal governmental agencies, and the Nevada legislature. Practice focused on representation of utilities of customers in the energy, telecommunications, and water and wastewater industries. Experience included prosecuting rate increase applications, obtaining regulatory approval of mergers and acquisitions, and advocating the interests of utilities of customers in proceedings involving changes to tariff provisions. Practice included representing banks, trust companies and financial institutions, professional licensees, and corporations and individuals involved in the gaming industry. Civil litigation experience included representing clients in general commercial litigation, and appellate and judicial review proceedings.

RELEVANT INDUSTRY/PROFESSIONAL INFORMATION

Utility Executive Summit, University of Idaho College of Business and Economics 2012

High and Dry in Nevada: When Water Rights Trump Development, ABA Section of Business Law, Business Law Today, Volume 15, No. 4, March/April 2006 (with D. Reaser, W. McKean and D. Cannon)

Rio Revs up the Power, Casino Enterprise Management, volume 2, Iss. 6, June 2004 (profiling role in combined heat and power project at Rio All Suites Hotel)

Best Lawyers in America 2008 & 2009 (Administrative Law and Energy Law)

Sierra Pacific Power Company
and Nevada Power Company
d/b/a NV Energy

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AFFIRMATION

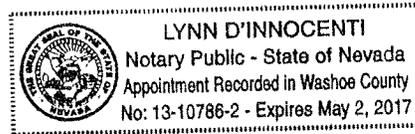
STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I, SHAWN M. ELICEGUI, do hereby swear under penalty of perjury the following:

That I am the person identified in the attached Prepared Testimony and that such testimony was prepared by me or under my direct supervision; that the answers and information set forth therein are true to the best of my knowledge and belief; and that if asked the questions set forth therein, my answers thereto would, under oath, be the same.


SHAWN M. ELICEGUI

Subscribed and sworn to before me
this 23rd day of November, 2015.




NOTARY PUBLIC

THOMAS WOODWORTH

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Sierra Pacific Power Company d/b/a NV Energy
Docket No. 15-11
Renewable Energy Agreement with Switch, Ltd. and Apple
Prepared Direct Testimony of

Thomas Woodworth

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7 **1. Q. PLEASE STATE YOUR NAME, OCCUPATION, BUSINESS ADDRESS**
8 **AND PARTY FOR WHOM YOU ARE FILING TESTIMONY.**

9 A. My name is Thomas Woodworth. I am the Director, Strategy and Origination for
10 NV Energy and its operating utilities, Nevada Power Company d/b/a NV Energy
11 (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra”;
12 collectively “Companies” or “NV Energy”). My primary business address is 6226
13 West Sahara Avenue, Las Vegas, Nevada. I am filing testimony on behalf of
14 Sierra.

15
16 **2. Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND**
17 **EXPERIENCE.**

18 A. I have over 15 years of experience as an energy attorney and energy policy
19 advisor. I commenced my professional career as a business and regulatory
20 attorney in private practice with a multinational law firm headquartered in
21 Houston, Texas. A significant portion of my practice was supporting the
22 regulatory analysis and commercial negotiations of large energy transactions,
23 including renewable energy transactions.

24
25 In 2006, I accepted a position with the United States Department of the Interior
26 (“Department”), in Washington, D.C., supporting the implementation of the
27

1 Department's offshore renewable energy program that was authorized pursuant to
2 Section 388 of the federal Energy Policy Act of 2005. While employed at the
3 Department, I served initially as an assistant solicitor supporting the Department's
4 Bureau of Ocean Energy Management ("BOEM," which was at that time referred
5 to as the Minerals Management Service), and later served as a senior policy
6 analyst with BOEM.

7
8 In 2008, I accepted a position with NV Energy in its legal department. Since
9 employed with NV Energy, I have provided legal support in contract negotiations,
10 project analysis and development, federal energy regulatory matters, and
11 environmental and safety matters. The majority of my time over the past several
12 years has been in supporting the Companies' renewable energy development
13 efforts. In April 2015, I accepted a position within the Companies' energy supply
14 function, as Director, Strategy & Origination. In my current role, I am responsible
15 for negotiating the Companies' long-term energy supply contracts, both fossil-fuel
16 fired and renewable energy. More details regarding my professional background
17 and experience are set forth in my Statement of Qualifications, included as
18 **Exhibit Woodworth-Direct-1.**

19
20 **3. Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC**
21 **UTILITIES COMMISSION OF NEVADA ("NEVADA COMMISSION")?**

22 A. No.

23
24 **4. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. I am supporting the request for approval of two Renewable Energy Agreements
2 entered into pursuant to Sierra’s Rate Schedule NGR, NV GreenEnergy Rider, as
3 identified below:

4 (1) the Renewable Energy Agreement, dated November 20, 2015, between Sierra
5 and Switch, Ltd. (“Switch”), associated with First Solar’s Playa Solar 1 Project;
6 and

7 (2) the Renewable Energy Agreement, dated November 30, 2015, between Sierra
8 and Apple, Inc. (“Apple”), associated with the Boulder Solar II Project.
9

10 **Switch Renewable Energy Agreement**

11
12 **5. Q. WHY IS SIERRA PROPOSING TO ENTER INTO THE RENEWABLE**
13 **ENERGY AGREEMENT WITH SWITCH?**

14 A. Switch, a future Sierra GS-2 or higher customer, has requested to utilize Sierra’s
15 NV GreenEnergy Rider tariff (Schedule NGR, and hereafter the “NGR Tariff”) to
16 enter into a renewable energy agreement, as contemplated under the NGR Tariff,
17 which will assist Switch in meeting its objective to offset 100% of its load with
18 renewable energy resources. The renewable energy agreement provides a means
19 for Switch to pay Sierra an incremental “renewable resource rate” that avoids any
20 potential increased costs to Sierra’s broader retail customer base associated with
21 procuring an additional renewable energy resource not required for Sierra’s
22 renewable portfolio standard compliance.
23

24 **6. Q. THE NEVADA COMMISSION JUST RECENTLY APPROVED IN**
25 **DOCKET 15-08005 A RENEWABLE ENERGY AGREEMENT BETWEEN**
26 **SWITCH AND NEVADA POWER TO SATISFY SWITCH’S**
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INCREMENTAL LOAD. WHAT IS THE PURPOSE OF THIS NEWLY PROPOSED RENEWABLE ENERGY AGREEMENT WITH SWITCH?

A. Switch is projecting significant additional incremental load in the next few years, beyond what was considered for the original “Switch Station NGR Transaction” approved in Docket 15-08005. Switch has explained to NV Energy that it is critical that its further data center expansions in northern and southern Nevada be supported by 100% renewable energy. The original Switch Station NGR Transaction does not provide such support for Switch’s expansion plans in 2017, 2018 and beyond.

7. Q. WHAT PORTION OF SWITCH’S PROJECTED LOAD EXPANSION IN NEVADA IS INTENDED TO BE SUPPORTED BY THE RENEWABLE ENERGY AGREEMENT SUBJECT TO REVIEW AND APPROVAL IN THIS PROCEEDING?

A. Switch is projecting incremental load expansion in 2017 and 2018 to at least equal (if not exceed) the anticipated production of the 79 MW AC Playa Solar 1 project, which is the renewable energy resource procured by Sierra and Nevada Power to support Switch’s most recently requested NGR Tariff transactions. Such projections by Switch include its new data center development plans announced in northern Nevada as well as data center expansion plans in southern Nevada. In Sierra’s service territory, Switch has indicated that it will require an estimated 252,600 MWhs of energy by end of year 2018.

8. Q. IS SWITCH’S PROJECTED LOAD GROWTH IN NEVADA INTENDED TO UTILIZE ALL OF THE ANTICIPATED PRODUCTION FROM THE PLAYA SOLAR 1 PPA?

1 A. Yes. The total output of the 79 MW AC Playa Solar 1 project is expected to be
2 offset by Switch’s load projections in both northern Nevada and southern Nevada.
3 To accommodate this division of load growth between Sierra and Nevada Power,
4 each utility has entered into a separate PPA for the output of the Playa Solar 1
5 project, and a separate renewable energy agreement under each utility’s respective
6 NGR Tariff. Subject to review in separate proceedings before the Commission,¹
7 there is a PPA between Sierra and Playa Solar 1, LLC, for 65% of the output of
8 the Playa Solar 1 project, and a PPA between Nevada Power Company and Playa
9 Solar 1, LLC, for the remaining 35% of the output of the Playa Solar 1 project.
10 The Sierra Playa Solar 1 PPA has been submitted to the Commission for review in
11 Sierra’s proposed Third Amendment to its 2014 – 2016 action plan.

12
13 **9. Q. ARE THERE ANY MATERIAL DISTINCTIONS BETWEEN THE**
14 **SWITCH STATION NGR TRANSACTION AND THE RENEWABLE**
15 **ENERGY AGREEMENT SUBJECT TO REVIEW AND APPROVAL IN**
16 **THIS PROCEEDING?**

17 A. The two agreements are very similar, but there are important distinctions to the
18 present form of renewable energy agreement subject to Commission review in
19 this proceeding.

20
21 **10. Q. PLEASE BRIEFLY DESCRIBE THE CHANGES TO THE RENEWABLE**
22 **ENERGY AGREEMENTS AND WHY THEY WERE CHANGED.**

23 A. The first notable change is the renewable resource rate set forth in the renewable
24 energy agreement. The renewable resource rate is \$2.71 per MWh for service
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26 _____

27 ¹ The Companies have requested consolidation of the relevant dockets.

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within Sierra’s service territory in this agreement, as contrasted with \$3.51 per MWh in the Switch Station NGR Transaction for service within Nevada Power’s service territory. Marc Reyes describes in his direct testimony how the renewable resource rate was calculated for this renewable energy agreement.

The next important distinction, and perhaps the most important one, is Switch’s obligation in this renewable energy agreement to purchase all portfolio energy credits generated from the Playa Solar 1 project for the full term of the associated Playa Solar 1 PPA. Switch’s obligation to purchase such portfolio energy credits at the stated renewable resource rate continues for the 20-year term of the agreement regardless of whether its projected load is fully realized. Switch’s commitment in this latest agreement was deemed necessary due to the fact that the Playa Solar 1 PPA is being entered into by Sierra for the sole purpose of supporting Switch’s further incremental load through 2018.

An additional distinction between the Switch Station NGR Transaction and this current proposed renewable energy agreement is the inclusion of an “*output readjustment option*.” While Switch is confident in its near-term load growth projections in northern and southern Nevada, as represented in the Sierra and Nevada Power Playa Solar 1 PPAs, it has requested the ability to readjust the allocation amounts based on how load growth actually materializes between its southern data centers and its northern data center under development. At the time of this filing, Switch projects that its 2017 and 2018 load growth will be allocated 65% in northern Nevada and 35% in southern Nevada. If, for example, the load growth that materializes in 2017 and 2018 ultimately results in a 55% allocation in northern Nevada and a 45% allocation in southern Nevada, Switch has

1 requested the option to readjust the allocations accordingly so that its renewable
2 resource rate under each renewable energy agreement is matched appropriately to
3 its loads in northern and southern Nevada.

4
5 To accommodate Switch's request, Sierra, Nevada Power and Playa Solar 1, LLC,
6 have agreed to include a provision in each respective PPA that accommodates an
7 output adjustment in each PPA, provided that Sierra and Nevada Power will
8 always be committed to purchase 100% of the output of the Playa Solar 1 Project,
9 and in turn, Switch will always be committed to purchase 100% of the PCs from
10 Sierra and Nevada Power. Such adjustments under each PPA would be triggered
11 upon Switch's notice to Sierra and Nevada Power. Switch can exercise its
12 reallocation right no more than twice during the term, not more than once in any
13 thirty-six month period, and not after the tenth year following the effective date of
14 the renewable energy agreement between Switch and Sierra.

15
16 The current renewable energy agreement also differs from the Switch Station
17 NGR Transaction by including a provision that allows Switch and Sierra to
18 exchange PCs. Switch desires to have a diverse PC portfolio to offset its load
19 requirements. To accommodate Switch's needs, Sierra has agreed, at Switch's
20 request, to exchange PCs from its portfolio with a like amount of PCs generated
21 by the Playa Solar 1 project, with a preference given to providing Switch PCs that
22 are from geothermal resources. The provision includes specific protections to
23 ensure Sierra's continued compliance with its renewable portfolio standard. In
24 particular, Sierra is required to prioritize satisfying its renewable portfolio
25 standard obligations before being obligated to provide PCs to Switch. Similarly,
26 the renewable energy agreement includes a limitation that Switch can only
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exchange PCs generated by the Playa 1 project that are in surplus of Switch’s load requirements for that year. Sierra can thereby properly forecast its renewable portfolio standard compliance by not being exposed to exchanging large quantities of PCs each year.

The last notable change in the current form of renewable energy agreement as compared to the Switch Station NGR Transaction is the inclusion of a termination right in favor of Switch upon a change in law that affords Switch the right to take assignment of Sierra’s (and Nevada Power’s) rights as the buyers under the respective Playa Solar 1 PPAs. At Switch’s request, Sierra, Nevada Power and Playa Solar 1, LLC, have agreed to include a provision in each respective PPA that affords Switch the opportunity to be substituted for Sierra (and Nevada Power in the corresponding PPA) as the buyer under each PPA in the event of a change in law that would afford Switch the rights to directly take the energy, capacity and related attributes of the Playa Solar 1 Project. Such an assignment right is subject to various conditions, including (i) Switch agreeing to provide security for the performance of its obligations under each respective Playa Solar 1 PPA, in an amount acceptable to Playa Solar 1, LLC; (ii) the regulatory status of the Playa Solar 1 Project and the regulatory status of Playa Solar 1, LLC, remaining unchanged after the assignment; (iii) Switch executing a release that fully relieves Sierra (and Nevada Power) of all obligations, claims or disputes under each respective Playa Solar 1 PPA; (iv) Switch entering into an assignment and assumption agreement pursuant to which it assumes all of Sierra’s (and Nevada Power’s) obligations under each respective Playa Solar 1 PPA; and (v) the parties obtaining all regulatory approvals required for such assignment.

1 11. Q. **HOW ARE OTHER CUSTOMERS PROTECTED FROM BEARING THE**
2 **COST OF THIS INCREMENTAL RESOURCE BEING OBTAINED FOR**
3 **SWITCH?**

4 A. As discussed above, under the renewable energy agreement, Switch is obligated
5 to purchase all portfolio energy credits from the Playa Solar 1 project, regardless
6 of whether Switch's load ultimately meets its projections. Switch's obligation to
7 purchase such portfolio energy credits extends for the full term of the associated
8 Playa Solar 1 PPA. If Switch were to fail to pay the renewable resource rate for
9 the full output of the Playa Solar 1 facility, Sierra would be entitled to appropriate
10 damages under the renewable energy agreement. Sierra has also included
11 provisions in the renewable energy agreement that provide for financial
12 assurances in support of Switch's obligations under the agreement should
13 Switch's financial condition in the future place its performance obligations at risk.

14
15 **Apple Renewable Energy Agreement**

16
17 12. Q. **WHY IS SIERRA PROPOSING TO ENTER INTO THE RENEWABLE**
18 **ENERGY AGREEMENT WITH APPLE?**

19 A. Apple, a Sierra GS-2 or higher customer, has requested to utilize Sierra's NGR
20 Tariff to enter into a renewable energy agreement, as contemplated under the
21 NGR Tariff, which will assist it in meeting its objective to offset 100% of its load
22 with renewable energy resources. The renewable energy agreement provides a
23 means for Apple to pay Sierra an incremental "renewable resource rate" that
24 avoids any potential increased costs to Sierra's broader retail customer base
25 associated with procuring an additional renewable energy resource not required
26 for Sierra's renewable portfolio standard compliance.

1 13. Q. THE NEVADA COMMISSION APPROVED IN DOCKET 13-07005 A
2 RENEWABLE ENERGY AGREEMENT BETWEEN APPLE AND
3 SIERRA TO SATISFY APPLE’S INCREMENTAL LOAD. WHAT IS THE
4 PURPOSE OF THIS NEWLY PROPOSED RENEWABLE ENERGY
5 AGREEMENT WITH APPLE?

6 A. Apple is projecting significant additional incremental load in the next few years,
7 beyond what was considered for the original “Apple-Fort Churchill NGR
8 Transaction” approved in Docket 13-07005. Apple has explained to Sierra that it
9 is critical that its further data center expansions in Nevada be supported by 100%
10 renewable energy. The current Apple-Fort Churchill NGR Transaction does not
11 provide such support for Switch’s expansion plans in 2017, 2018 and beyond.

12
13 14. Q. DOES APPLE’S PROJECTED LOAD EXPANSION IN NEVADA EQUAL
14 OR EXCEED THE PROJECTED OUTPUT OF THE BOULDER SOLAR II
15 PROJECT THAT IS ASSOCIATED WITH THE RENEWABLE ENERGY
16 AGREEMENT SUBJECT TO REVIEW AND APPROVAL IN THIS
17 PROCEEDING?

18 A. Yes. Apple is projecting incremental load expansion in 2017 and 2018 to exceed
19 (perhaps substantially) the anticipated production of the 50 MW AC Boulder
20 Solar II project, which is the renewable energy resource procured by Sierra to
21 support Apple’s most recently requested NGR Tariff transaction.

22
23 15. Q. ARE THERE ANY MATERIAL DISTINCTIONS BETWEEN THE APPLE
24 FORT CHURCHILL TRANSACTION AND THE RENEWABLE ENERGY
25 AGREEMENT SUBJECT TO REVIEW AND APPROVAL IN THIS
26 PROCEEDING?

1 A. The two agreements are similar, but there are important distinctions to the present
2 form of renewable energy agreement subject to Commission review in this
3 proceeding.

4
5 **16. Q. PLEASE BRIEFLY DESCRIBE THE CHANGES TO THE RENEWABLE**
6 **ENERGY AGREEMENT AND WHY THEY WERE MADE.**

7 A. The first notable change is the renewable resource rate set forth in the renewable
8 energy agreement. The renewable resource rate is \$4.12 per MWh in this
9 agreement, as contrasted with \$11.00 per MWh in the amended Apple Fort
10 Churchill NGR Transaction approved in Docket 13-07005. Marc Reyes describes
11 in his direct testimony how the renewable resource rate was calculated for this
12 renewable energy agreement.

13
14 The other notable change in the current form of renewable energy agreement as
15 compared to the Apple-Fort Churchill NGR Transaction is the inclusion of a
16 termination right in favor of Apple upon a change in law that affords Apple the
17 right to take assignment of Sierra's right as the buyer under the Boulder Solar II
18 PPA. At Apple's request, Sierra and Boulder Solar II, LLC, have agreed to
19 include a provision in the Boulder Solar II PPA that affords Apple the opportunity
20 to be substituted for Sierra as the buyer under the PPA in the event of a change in
21 law that would afford Apple the right to directly take the energy, capacity and
22 related attributes of the Boulder Solar II Project. Such an assignment right is
23 subject to various conditions, including (i) Apple agreeing to provide security for
24 the performance of its obligations under the PPA, in an amount acceptable to
25 Boulder Solar II, LLC; (ii) the regulatory status of the Boulder Solar II Project
26 and the regulatory status of Boulder Solar II, LLC, remaining unchanged after the
27

1 assignment; (iii) Boulder Solar II, LLC will not bear any increase in costs of the
2 result of such an assignment; (iv) Apple executing a release that fully relieves
3 Sierra of all obligations, claims or disputes under the Boulder Solar II PPA; (v)
4 Apple entering into an assignment and assumption agreement pursuant to which it
5 assumes all of Sierra's obligations under the Boulder Solar II PPA; (vi) Boulder
6 Solar II, LLC's lenders and equity investors provide prior written consent to such
7 assignment; and (vii) the parties obtaining all regulatory approvals required for
8 such assignment.
9

10 17. Q. **HOW ARE OTHER CUSTOMERS PROTECTED FROM BEARING THE**
11 **COST OF THIS INCREMENTAL RESOURCE BEING OBTAINED FOR**
12 **APPLE?**

13 A. As with the original Apple-Fort Churchill NGR Transaction, Apple is obligated to
14 purchase all portfolio energy credits and renewable energy attributes from the
15 Boulder Solar II project, regardless of whether Apple's load ultimately meets its
16 projections. Apple's obligation to purchase such portfolio energy credits and
17 related renewable energy attributes extends for the full term of the Boulder Solar
18 II PPA. If Apple were to fail to pay the renewable resource rate for the full output
19 of the Boulder Solar II facility, Sierra would be entitled under the renewable
20 energy agreement for appropriate damages. Sierra has also included provisions in
21 the renewable energy agreement that provide for financial assurances in support
22 of Apple's obligations under the agreement in the unlikely event Apple's financial
23 condition in the future place its performance obligations at risk.
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Conclusion

**18. Q. ARE ANY OF THE MATERIALS YOU ARE SPONSORING
CONFIDENTIAL?**

A. No.

19. Q. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?

A. Yes.

QUALIFICATIONS OF WITNESS

Thomas C. Woodworth
Director, Strategy and Origination
NV Energy
6226 W. Sahara Ave
Las Vegas, NV 89146

EDUCATION

Louisiana State University, Paul M. Herbert Law Center

J.D., Order of the Coif – 2000

Editor, Louisiana Law Review

University of South Florida

B.A., Criminology – 1996

PROFESSIONAL EXPERIENCE

NV ENERGY, Las Vegas, Nevada

Director, Strategy and Origination, April 2015 – Present

Assistant General Counsel, 2008 – April 2015

- As Director, Strategy and Origination, my responsibilities include the origination and negotiation of energy supply contracts, including management of the energy supply requests for proposal process.
- As Assistant General Counsel, my responsibilities included legal support in contract negotiations, federal energy regulatory matters, and environmental and safety matters.

UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF OCEAN ENERGY MANAGEMENT, Washington, D.C.

Senior Policy Analyst, 2007 – 2008

Assistant Solicitor, 2006 – 2007

- In both my roles as Assistant Solicitor and Senior Policy Analyst with the Department of the Interior's Bureau of Ocean Energy Management, I supported the development of the agency's regulations authorizing renewable energy development on the United States' federal submerged lands and processing of the first applications for offshore energy development in federal waters and submerged lands.

VINSON & ELKINS, Houston, Texas, and Washington, D.C.

Associate, 2000 – 2006

- As an associate with Vinson & Elkins, I supported commercial transactions and advised clients on regulatory and environmental legal issues. The majority of my practice was focused within the energy industry.

Nevada Power Company
and Sierra Pacific Power Company
d/b/a NV Energy

AFFIRMATION

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STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

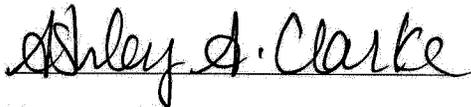
I, THOMAS WOODWORTH, do hereby swear under penalty of perjury the following:

That I am the person identified in the attached Prepared Testimony and that such testimony was prepared by me or under my direct supervision; that the answers and information set forth therein are true to the best of my knowledge and belief; that if asked the questions set forth therein, my answers thereto would, under oath, be the same.

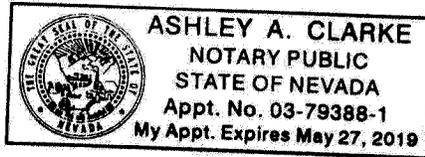


THOMAS WOODWORTH

Subscribed and sworn to before me
this 19th day of November, 2015.



Notary Public



MARC D. REYES

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Sierra Pacific Power Company d/b/a NV Energy
Docket No. 15-11_____
Renewable Energy Agreement with Switch, Ltd. and Apple Inc.
Prepared Direct Testimony Of

Marc D. Reyes

1. Q. PLEASE STATE YOUR NAME, JOB TITLE, BUSINESS ADDRESS AND PARTY FOR WHOM YOU ARE FILING TESTIMONY.

A. My name is Marc D. Reyes. I am the Manager of Market Fundamentals for Nevada Power Company d/b/a NV Energy (“Nevada Power” or “Company”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra” and together with Nevada Power, the “Companies”). My business address is 6226 West Sahara Avenue, Las Vegas, Nevada. I am filing testimony on behalf of Sierra.

2. Q. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND AND EXPERIENCE.

A. I hold a Bachelor of Arts in Economics from New Mexico State University. I have been employed by the Companies since May 2007 and have served as the Manager of Market Fundamentals since May 2011. Prior to my current role in Resource Planning and Analysis, I was a Power Trader for the Companies, where I performed analysis and negotiated short-term wholesale transactions to optimize the Companies’ economic dispatch. As Manager of Market Fundamentals my responsibilities include the development of market price forecasts for natural gas and wholesale power delivered to the relevant regional market trading hubs. Additionally, I am responsible for the regional market fundamental analysis that supports the

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Companies’ energy supply and resource planning functions. More details regarding my professional background and experience are set forth in my Statement of Qualifications, included as **Exhibit Reyes-Direct 1**.

3. Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA (“COMMISSION”)?

A. Yes. I have filed prepared testimony in integrated resource planning proceedings before the Commission. I also provided prepared testimony in Docket No. 15-08005, which involved Nevada Power’s first renewable energy contract with a customer under Nevada Power’s NV GreenEnergy Rider (“NGR”) schedule.

4. Q. ARE YOU SPONSORING ANY EXHIBITS?

A. Yes, I sponsor Exhibit Reyes-Direct-1, which sets forth my educational and professional background and qualifications as a witness. I sponsor Exhibit Reyes-Direct-2, which contains the calculations for the renewable resource rate the Company is seeking approval in the renewable energy agreement between Sierra and Switch, Ltd. (“Switch”), entered into pursuant to Sierra Schedule No. NGR, the NV GreenEnergy Rider. I also sponsor Exhibit Reyes-Direct-3, which contains the calculations for the renewable resource rate the Company is seeking approval in the renewable energy agreement between Sierra and Apple, Inc. (“Apple”), entered into pursuant to Sierra Schedule No. NGR, the NV GreenEnergy Rider.

1 **5. Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. I describe and sponsor the calculation of the renewable resource rate
4 contained in Exhibit B of the Sierra-Switch renewable energy agreement
5 and in Exhibit A of the Sierra-Apple renewable energy agreement. The
6 respective renewable energy agreements are included as Application
7 Exhibit A and Application Exhibit B.
8

9 **6. Q. BRIEFLY DESCRIBE THE PROCESS BY WHICH THE**
10 **RENEWABLE RESOURCE RATE IS CALCULATED?**

11 A. The same process is used to calculate the renewable resource rate for the
12 Sierra-Switch renewable energy agreement and the Sierra-Apple renewable
13 energy agreement. The first step is to calculate the difference, if any,
14 between the annual price of the respective power purchase agreement
15 (“PPA”) and the annual long-term capped avoided cost (“LTAC”).¹ For
16 years that the PPA price is greater than the LTAC, the price difference is
17 multiplied by the energy production to determine the premium. For years
18 that the PPA price is less than the LTAC, then the premium is zero.
19

20 The second step is to calculate the present value of the premium and the
21 present value of energy production for each of the PPAs. Finally, the
22 present value of the premium is divided by the present value of energy to
23 calculate the renewable resources rate for each PPA.
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27 ¹ The PPAs are described in the prepared testimony of Mr. Thomas Woodworth.

1 7. Q. DESCRIBE THE AVOIDED COSTS USED TO CALCULATE THE
2 RENEWABLE RESOURCE RATE.

3 A. For each of the dedicated renewable resources, the annual long-term
4 avoided costs are calculated by weighting the monthly long-term avoided
5 costs with the monthly expected output from the respective facility. The
6 monthly long-term avoided costs represent the hourly marginal energy
7 costs with capacity, when appropriate, adjusted for transmission system
8 losses from Sierra's second amendment to its 2014-2016 Integrated
9 Resource Plan action plan period, Docket No. 15-08011. The methodology
10 for calculating Sierra's avoided costs is consistent with the Commission's
11 decision in Docket No. 14-05003 and Sierra's request in Docket No. 15-
12 08011. The Company used the results of the competitive solicitation to cap
13 the calculated avoided costs. The methodology used to calculate the capped
14 long-term avoided costs is described in Section 7 of the Action Plan
15 Narrative in Docket No. 15-08011, Volume 1 of 2, page 65 of 230.

16
17 8. Q. WHAT DISCOUNT RATE DID THE COMPANY USE IN THE
18 CALCULATION OF THE RENEWABLE RESOURCE RATE?

19 A. The Company used a discount rate of 7.62 percent, which is the weighted
20 average cost of capital used by the Commission to establish the base
21 general revenue requirement in Sierra's most recent general rate case,
22 Docket No. 13-06002. The use of the Company's weighted cost of capital
23 as the discount rate is consistent with the long-term resource planning
24 practices.

1 9. Q. DOES THE INCLUSION OF AN “OUTPUT READJUSTMENT
2 OPTION” IN THE SIERRA-SWITCH RENEWABLE ENERGY
3 AGREEMENT AFFECT THE CALCULATION OF THE
4 RENEWABLE RESOURCE RATE?

5 A. No, the percentage of the PPA allocated to Switch’s load in northern
6 Nevada does not affect the renewable resource rate.

7
8 10. Q. PLEASE DESCRIBE THE DIFFERENCES IN THE RENEWABLE
9 RESOURCE RATE BETWEEN THE SIERRA-SWITCH
10 TRANSACTION AND THE SIERRA-APPLE TRANSACTION.

11 A. The renewable resource rate for the Sierra-Switch renewable energy
12 agreement is \$2.71 per megawatt-hour and the renewable resource rate is
13 \$4.12 for the Sierra-Apple renewable energy agreement. The primary
14 difference in the renewable resource rates is attributable to the PPA pricing
15 for the Playa Solar 1 and Boulder Solar II facilities. The Playa Solar 1
16 facility which underlies the Sierra-Switch transaction is priced at \$38.70 in
17 the first year of the PPA while the Boulder Solar II facility which is
18 dedicated in the Sierra-Apple transaction and is priced at \$39.90 in the first
19 year of the PPA. The PPA pricing for each of the facilities escalates at 3
20 percent per year. The difference in the PPA price directly correlates with an
21 increase in the renewable resource rate.

22
23 The production profile of each renewable resource is another factor
24 affecting the pricing of the renewable resource rate. As described in Q&A
25 7, the monthly expected output from each renewable resource is used in the
26 weighting of the monthly long-term avoided costs. This accounts for the
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differences in the capped long-term avoided costs in the renewable resource rate calculations found on row 13 of Exhibit Reyes-Direct-2 and Exhibit Reyes-Direct-3.

11. Q. PLEASE DESCRIBE WHY THE RENEWABLE RESOURCE RATE IN THE SIERRA-SWITCH TRANSACTION IS DIFFERENT FROM THE RENEWABLE RESOURCE RATE FOR THE SAME FACILITY IN THE NEVADA POWER-SWITCH TRANSACTION.

A. The difference in the renewable resource rates is due to differences in the LTAC for Sierra and Nevada Power. As described in Q&A 6, the premium associated with the renewable resource is based on the difference in the PPA price and the LTAC. The PPA pricing of the Playa Solar 1 facility is the same for Sierra and Nevada Power, but Sierra’s LTAC is higher due to losses in Sierra’s system. A higher LTAC results in a smaller delta between the PPA price and the LTAC, which in turn results in a lower renewable resource rate.

12. Q. DOES THE METHODOLOGY THAT THE COMPANY USED TO CALCULATE THE RENEWABLE RESOURCE RATE PROTECT SIERRA’S CUSTOMERS FROM INCREASED ELECTRIC PRICES?

A. Yes. The methodology that Sierra used to establish the renewable resource rate serves two distinct purposes. First, the statute under which the NV GreenEnergy Rider was approved, Section 704.738 of the Nevada Revised Statutes, provides that the Commission may authorize Sierra to charge, “as a program of optional pricing, a higher rate for electricity that is generated

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from renewable energy.” The methodology that Sierra has used in this case to establish the renewable resource rate serves the purpose of establishing the “higher price” that Switch and Apple have agreed to pay under NRS § 704.738 to support the development of a local, incremental renewable generating station.

Second, as described in the testimony of Mr. Woodworth, Switch and Apple are obligated to purchase all portfolio energy credits generated from the dedicated facilities for the full term of the PPA. This obligation aligns with the calculation of the renewable resource rate over the 20-year term of the PPA and is intended to eliminate any potential adverse effects of the Sierra-Switch and Sierra-Apple NGR transactions on Sierra’s customers.

13. Q. DO SIERRA’S CUSTOMERS BENEFIT FROM THE SIERRA-SWITCH AND SIERRA-APPLE TRANSACTIONS?

A. Yes. Under the renewable energy agreements, Switch and Apple are essentially serving as anchor tenants for low-cost, utility scale solar contracts that provide benefits to Sierra’s customers over the 20-year term of the PPAs. The PPAs help diversify Sierra’s generation portfolio and have a production profile consistent with the energy needs of Sierra’s customers.

As explained above, the renewable resource rate is designed to reduce the cost of the PPAs to an amount that reflects Sierra’s alternatives for producing energy (i.e., its avoided costs). Sierra thus receives these benefits from the PPAs at a cost that reflects Sierra’s avoided costs.

1 14. Q. DOES TRANSFERRING PORTFOLIO CREDITS TO SWITCH
2 AND APPLE UNDER THE RENEWABLE ENERGY
3 AGREEMENTS ADVERSELY AFFECT SIERRA?

4 A. No. The renewable energy agreements are supported by new resources that
5 will satisfy new load from Switch and Apple's operations in northern
6 Nevada. Transferring portfolio credits produced by the Playa Solar 1 and
7 Boulder Solar II facilities to Switch and Apple respectively does not
8 adversely affect Sierra's ability to comply with Nevada's Renewable
9 Portfolio Standard (RPS) in any material respect.

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11 15. Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

12 A. Yes, it does.

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28 Reyes-DIRECT

STATEMENT OF QUALIFICATIONS

MARC REYES

My name is Marc Reyes. My business address is 6226 West Sahara Avenue, Las Vegas, Nevada. I am the Manager of Market Fundamentals for Nevada Power Company, d/b/a NV Energy and Sierra Pacific Power Company, d/b/a NV Energy.

I graduated from New Mexico State University with a Bachelor of Arts Degree in Economics in 2000 and earned a Certificate in Utility Management from Willamette University in 2010.

I have been employed as the Manager of Market Fundamentals since May 2011. I am responsible for leading a staff of economists who perform fundamental analysis and market price forecasting for natural gas and wholesale power in the western U.S. I evaluate the process used to forecast natural gas and power prices and implement changes as markets evolve. I prepare reports and communicate the findings of analysis to management.

From May 2007 until May 2011, I was employed as an Energy Trader in Resource Optimization for NV Energy. I was responsible for executing daily to monthly wholesale power and natural gas transactions to optimize the Companies short-term portfolio. I performed market surveys to identify liquidity and obtain price discovery. I performed market research to identify new opportunities to reduce fuel and purchased power costs

and worked with the credit and contracts groups to establish new counterparties. I mentored and developed junior traders.

From October 2005 until May 2007, I was employed as a Power Trader for El Paso Electric Company. I was responsible for executing real time power trades as part of the wholesale power marketing group's profit and loss book. I worked closely with the day-ahead and term traders to optimize the company portfolio in the Western Electric Coordinating Council and Southwest Power Pool regions.

Nevada Power Company
and Sierra Pacific Power Company
d/b/a NV Energy

AFFIRMATION

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3 STATE OF NEVADA)
4 COUNTY OF CLARK) ss.
5

6 I, MARC D. REYES, do hereby swear under penalty of perjury the following:

7 That I am the person identified in the attached Prepared Testimony and that such testimony
8 was prepared by me or under my direct supervision; that the answers and information set forth
9 therein are true to the best of my knowledge and belief; that if asked the questions set forth therein,
10 my answers thereto would, under oath, be the same.

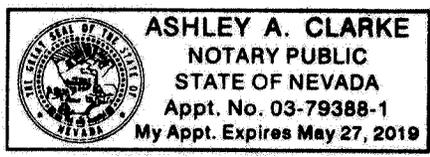
11
12
13 Marc D Reyes

14 MARC D. REYES

15
16 Subscribed and sworn to before me
17 this 18th day of November, 2015.

18
19 Ashley A. Clarke

20 Notary Public



CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY'S APPLICATION in Docket 15-11___ upon the persons listed below by the following:

Tammy Cordova
Public Utilities Comm. of Nevada
9075 West Diablo Drive Suite 250
Las Vegas, NV 89148
tcordova@puc.nv.gov

Staff Counsel Division
Public Utilities Comm. of Nevada
1150 E. William Street
Carson City, NV 89701-3109
pucn.sc@puc.nv.gov

Eric Witkoski
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10791 W. Twain Ave., Ste. 100
Las Vegas, NV 89135-3022
bcpserv@ag.nv.gov

Attorney General's Office
Bureau of Consumer Protection
100 N. Carson St.
Carson City, NV 89701
bcpserv@ag.nv.gov

DATED this 30th day of November, 2015.

/s/ Lynn D'Innocenti
Lynn D'Innocenti
Legal Admin Assistant
Sierra Pacific Power Company
Nevada Power Company