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Filed For: SPPC

In accordance with NRS Chapter 719,  
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by: /s LynnDInnocenti

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This filing has been electronically filed and deemed to be signed by an authorized  
agent or  
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](mailto: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”)<sup>1</sup>, and one between Sierra and Apple (“SIERRA Renewable Energy Agreement Apple”)<sup>2</sup> (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.<sup>3</sup>

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

<sup>1</sup> Attached to this application as Attachment 1.  
<sup>2</sup> Attached to this application as Attachment 2.  
<sup>3</sup> 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.<sup>4</sup> 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,<sup>5</sup> 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 <sup>4</sup> 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 <sup>5</sup> 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 30<sup>th</sup> day of November, 2015.

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Respectfully submitted,  
NEVADA POWER COMPANY

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/s/Michael Greene  
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/s/Timothy Clausen  
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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 (10<sup>th</sup>) 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,

