

15-06065

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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 its 2015 Annual Demand Side Management Update Report as it relates to the Action Plan of its 2014-2033 Triennial Integrated Resource Plan) Docket No. 15-06065

Application of Nevada Power Company d/b/a NV Energy for approval of its 2016-2035 Triennial Integrated Resource Plan and 2016-2018 Energy Supply Plan.) Docket No. 15-07004

Application of Sierra Pacific Power Company d/b/a NV Energy for approval of the second amendment to the 2014-2016 Three Year Action Plan to address allocation of the capital costs of the One Nevada transmission Line, a pilot Subscription Solar Program, a new Demand-Side Program, permitting for a new transmission line, and other relief related thereto.) Docket No. 15-08011

PETITION OF RECONSIDERATION AND MOTION FOR CLARIFICATION OF NEVADA POWER COMPANY D/B/A NV ENERGY AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY

Nevada Power Company, d/b/a NV Energy (“Nevada Power” or “Company”) and Sierra Pacific Power Company (“Sierra” or “Company”) (collectively, “NV Energy”) respectfully submit this narrowly-tailored Petition for Reconsideration and Clarification (“Petition”) of portions of the Commission’s Order of December 23, 2015 (“Order”) in the above-referenced dockets pursuant to Nevada Administrative Code (“NAC”) 703.801(1) (reconsideration). NV Energy requests that the Commission reconsider and modify two elements of the Order. Specifically, NV Energy requests that the Commission reconsider and modify directive paragraph 11 and the portion of the Order that denies Nevada Power’s request to continue two residential Demand-Side Management (“DSM”) programs. NV Energy further requests that the Commission clarify certain parts of the Order that (1) requires Nevada Power to conduct a new net-to-gross study, and (2) discontinues Sierra’s Agricultural Demand Response program.

Turning first to directive paragraph 11, this paragraph requires Nevada Power to issue a request for proposals before presenting supply side alternatives to the Commission in a future resource plan filing. To be clear, Nevada Power is not asking the Commission to reconsider and

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

1 eliminate this directive. Instead, Nevada Power is asking the Commission to reconsider and
2 modify the directive to permit Nevada Power to seek a waiver of the request for proposal
3 requirement. This request simply asks the Commission to establish parity between the directive
4 and the Commission’s regulations, which allow for a waiver. This request is explained in more
5 detail in Section II.B., below.

6 Nevada Power also requests that the Commission reconsider and modify the portion of
7 the Order that denies Nevada Power’s request to fund the residential pool pump and lighting
8 programs. Nevada Power’s request is very narrow; Nevada Power is only asking that the
9 Commission authorize funding for both of these programs at the proposed low plan level
10 presented in Nevada Power’s DSM Plan or less, and only requesting funding for 2016. Moreover,
11 Nevada Power is not asking the Commission to increase the demand side management budget
12 for 2016. If the Commission grants the request, Nevada Power will manage all demand side
13 programs in 2016 within the budget established by the Commission in the Order – i.e., \$41.05
14 million. Nevada Power submits that this approach – which could avoid the need to stop and then
15 restart these two programs – is consistent with the strategy accepted by the Commission for
16 Nevada Power’s supply-side programs; namely, by operating these two programs at the lowest
17 funding levels, Nevada Power will maintain the flexibility necessary to address its resource
18 planning needs when the company’s load forecast becomes more certain. This request is
19 explained in more detail in Section II.C., below.

20
21 **I. PETITION FOR RECONSIDERATION**

22 **A. STANDARD FOR RECONSIDERATION**

23 This Petition is based generally on NAC 703.801. NAC 703.801(1) provides that a
24 petition for reconsideration must:

- 25 (a) Identify each portion of the challenged order which the petitioner deems to be
26 unlawful, unreasonable or based on erroneous conclusions of law or mistaken
27 facts; and

1 (b) Cite those portions of the record, the law or the rules of the Commission which
2 support the allegations in the petition. The petition may not contain additional
3 evidentiary matter or require the submission or taking of evidence.

4 **B. THE COMMISSION SHOULD GRANT RECONSIDERATION AND MODIFY**
5 **THE ORDER TO INCLUDE THE OPPORTUNITY TO SEEK A WAIVER OF**
6 **THE RFP REQUIREMENTS.**

7 The Order directs NV Energy to issue a non-technology specific request for proposals
8 (“RFPs”) before making a resource planning filing to address its open position with a supply-
9 side option. *See* Order, page 100, Compliances/Directives No. 11. NV Energy understands that
10 a RFP could provide useful information for the company, the Commission and stakeholders.
11 Therefore, Nevada Power is not asking the Commission to eliminate this directive. However,
12 Nevada Power respectfully requests that the Commission modify directive 11 to provide for the
13 opportunity to request a waiver.

14 The Commission’s emissions reduction and capacity replacement (“ERCRC”) plan
15 regulations contain a similar requirement. See NAC 704.9453(8). The Commission’s regulations
16 also contain a provision that allowed Nevada Power to request a waiver of the RFP requirement
17 for “good cause.” See NAC 704.0097. In its original emissions reduction and capacity
18 replacement plan, Nevada Power requested and received a waiver of the RFP requirement for
19 the acquisition of the SunPeak and Las Vegas Cogeneration facilities. In this docket, the
20 Commission waived the RFP requirement for ERCRC Plan resources when it designated 54 MW
21 of the Silverhawk facility as an ERCRC Plan resource. *See* Order, pages 78-79. In waiving the
22 RFP requirement, the Commission found that good cost existed because the cost of the
23 Silverhawk facility was a “good deal for NPC”. *Id.*

24 Similarly, if NV Energy can secure a resource outside a RFP that benefits its customers,
25 it should be able to present it to the Commission for approval. NV Energy would like to maintain
26 all options to obtain the most cost effective and beneficial resource to meet the needs of its
27 customers. Thus, NV Energy respectfully requests that the Commission modify the directive by
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1 adding a sentence that allows Nevada Power to seek a waiver of the RFP requirement contained
2 in the directive by making the showing required by Section 704.0097 of the NAC.

3 **C. THE COMMISSION SHOULD GRANT RECONSIDERATION AND MODIFY**
4 **THE ORDER TO ALLOW NEVADA POWER TO CONTINUE TWO DEMAND-**
5 **SIDE MANAGEMENT PROGRAMS IN 2016**

6 Nevada Power also requests that the Commission reconsider Paragraphs 164 through 170
7 of the Order. These paragraphs denied Nevada Power's request to fund the residential pool pump
8 program. Order, pp. 51 – 53. Nevada Power further requests that the Commission reconsider
9 Paragraphs 138 through 144 of the Order. These paragraphs denied Nevada Power's request to
10 fund the residential lighting program. Order, pp. 44 – 45. In place of those determinations,
11 Nevada Power requests that the Commission authorize maximum budgets for these two
12 programs at \$825,000 and \$2,300,000, respectively, for calendar year 2016. The requested
13 budget for the Pool Pumps program is the Low plan level presented in Nevada Power's DSM
14 Plan¹; the requested budget for the residential Lighting program was the recommendation made
15 by the BCP², and is \$700,000 less than the amount in Nevada Power's Low plan.³ NV Energy
16 is not requesting any increase in the overall DSM budget the Commission approved in the Order.
17 Instead NV Energy will manage the approved budget and fund these two programs within the
18 existing budget authorization, not to exceed the amounts set forth above. Nevada Power is not
19 requesting approval for these two programs beyond 2016 in this Petition.

20 Nevada Power recognizes the concerns expressed by the Commission in the Order;
21 specifically, Nevada Power recognizes that uncertainty associated with its load forecast should
22 lead the Company to make those decisions that make sense in any load scenario – including the
23 704B low load scenario filed in this docket. Nevada Power believes that its request -- to continue
24 funding in 2016 only of the residential pool pump and lighting programs – makes sense under
25 the 704B low load scenario. By operating the programs, at least until Nevada Power obtains

26 ¹ IRP Demand Side Plan, Vol 7, Application of Nevada Power Company d/b/a NV Energy, Docket No. 15-07004,
table 10, p. 24 of 291.

27 ² Prefiled Direct Testimony of David S. Chairez on behalf of the Bureau of Consumer Protection, Docket Nos. 15-
06065, 15-07004, and 15-08011; filed October 6, 2015, p. 2-3

28 ³ See, footnote 2 *infra*.

1 additional load certainty, Nevada Power might avoid stopping and then restarting these two
2 programs that have been very popular with customers. In this regard, by authorizing Nevada
3 Power to continue operating the programs without increasing the overall budget established by
4 the Commission -- \$41.05m in 2016 – the Commission would preserve the company’s flexibility
5 to fulfill its load serving obligations in the most cost effective manner.

6 The approval Nevada Power seeks is for 2016 only. After Nevada Power’s load forecast
7 becomes more certain, it would file an amendment to its demand side management plan or seek
8 authorization to continue these programs through a DSM update filing. Furthermore, Nevada
9 Power recognizes that any such filing seeking funding for 2017 and beyond would need to
10 address the freeridership and market transformation issues identified by the Commission.

11 Nevada Power historically has underspent the budget authorized by the Commission for
12 its DSM programs. Nevada Power’s proposed continuation of the two cost-effective programs
13 in 2016 would preserve flexibility and optionality for the DSM Plan, and avoid the costs of
14 stopping and starting programs. In approving the Company’s Energy Assessment program, the
15 Commission stated that “The Energy Assessment program . . . provides a means to direct
16 participants towards other DSM programs.”⁴ However, the Order terminated four of the six
17 residential programs that Nevada Power proposed to offer, leaving very few options for
18 customers who participate in the Energy Assessment program. Granting reconsideration and
19 authorizing continuation of the Pool Pumps and Residential Lighting programs will provide
20 Nevada Power’s customers with more options and choices that will provide benefits to all
21 customers.

22 **1. The Pool Pumps Program**

23 Modifying the Order as requested for the residential pool pump program would provide
24 Nevada Power greater flexibility to meet its load serving obligations by providing a cost-
25 effective program that its customers value and utilize. The program had the highest cost-
26 effectiveness of all of Nevada Power’s programs in 2014, with a TRC result of 2.26.⁵ It is

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28 ⁴ Order, Paragraph 222, p. 66.

⁵ Id., p. 118 of 291.

1 projected to have a TRC over the three year Action Plan period of 2.97 for the Preferred Plan.⁶
2 At the Low Plan level of expenditures, the Pool Pumps program is estimated to have a TRC of
3 2.72 for the same period.⁷

4 Permitting Nevada Power to offer the program in 2016 at the Low Plan budget level,
5 without increasing the total DSM budget, will enable it to provide customers with a cost-effective
6 program that results in bill reductions for participants and benefits for non-participants by
7 measurable demand reduction.

8 **2. The Residential Lighting Program**

9 Modifying the Order as requested for the Residential Lighting program would also
10 provide Nevada Power greater flexibility to satisfy its load serving obligations by offering
11 another cost-effective demand side management program that its customers value and utilize.
12 The residential lighting program proved to be cost-effective in 2014, with a TRC result of 2.05.⁸
13 It is projected to have a TRC over the three year Action Plan period of 1.92 for the Preferred
14 Plan.⁹ At the Low Plan level of expenditures, the Residential Lighting program was estimated
15 to have a TRC of 1.90 for the same period.¹⁰ While Nevada Power has rebated over 2.5 million
16 LEDS, the record supports a conclusion that there is more work to be done in this area.

17 For example, NCARE witness Howard Geller noted in oral testimony that it took about
18 five to six years to reach 15 CFLs per household before the program was terminated and that
19 LEDs had “a long way to go.”¹¹ David Chairez, witness for the Bureau of Consumer Protection,
20 stated in oral testimony that market transformation is not the purpose of the residential lighting
21 program and did not see any evidence that the markets are being transformed.¹² Finally, Nevada
22 Power witness Anita Hart noted in oral testimony that the main purpose of the residential lighting
23 program is to have a way for a large number of customer to participate in energy management,
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25 ⁶ Id., p. 120 of 291.

26 ⁷ Id., p. 124 of 291.

27 ⁸ Id., p. 62 of 291.

28 ⁹ Id., p. 64 of 291.

¹⁰ Id., p. 68 of 291.

¹¹ Transcript of Hearing, Vol. 3, p. 333-334.

¹² Transcript of Hearing, Vol. 4, p. 599.

1 in that it is a program in which customers can be actively involved in purchasing items and
2 installing them in their home that would change their energy usage and reduce their bills.¹³

3 By authorizing the residential lighting program for 2016 without increasing Nevada
4 Power's 2016 DSM budget to more than \$41.05 million, Nevada Power might avoid stopping
5 and then restarting the program after its load forecast becomes more certain.

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7 **II. MOTION FOR CLARIFICATION**

8 NV Energy respectfully requests that the Commission clarify the order in two narrow
9 respects. First, NV Energy seeks clarification of that part of the Order that requires Nevada
10 Power to conduct a new net-to-gross study. NV Energy believes that the Order leaves uncertain
11 how the study is to be funded. NV Energy suggests that the costs of the study be considered as
12 additional to the overall DSM budget authorized in the Order, which would permit NV Energy
13 to devote the full budgets to the DSM programs. The other option would be to spread the costs
14 of the study over the budgets for the various DSM programs that were studied. This option
15 would reduce the amount of the approved budgets available for the operation of the programs.
16 NV Energy requests that the Commission clarify which option it wishes NV Energy to follow.

17 Second, the Commission ordered that Sierra's Agricultural Demand Response program
18 should be terminated as of the end of 2015.¹⁴ Sierra is complying with that determination. As
19 explained in Sierra's DSM Update Report, in implementing the program Sierra has installed
20 equipment at customers' premises necessary to run the program. With the program terminated,
21 Sierra proposes that it continue to obtain the benefits of the demand response equipment already
22 installed by managing those systems under its Commercial Demand Response program. NV
23 Energy believes it would be prudent and in the best interest of ratepayers to continue to leverage
24 these investments, which can be done by treating these customers as commercial customers and
25 within the Commercial components of the Sierra Demand Response program within the funding
26 levels already approved by the Commission for the component. Sierra estimates that the cost of

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¹³ Transcript of Hearing, Vol. 2, p. 67.

28 ¹⁴ Order, Paragraph 97, p. 31 – 32.

1 managing the existing agricultural DR equipment in this way would cost no more than the
2 \$184,000 it had requested for the Agricultural DR Manage portion of the overall Demand
3 Response budget.¹⁵ Sierra requests clarification from the Commission that managing the
4 agricultural demand response equipment already installed is an appropriate use of the
5 Commercial Demand Response program budget.

6
7 **III. CONCLUSION**

8 Nevada Power understands the concerns expressed by the Commission in the Order
9 regarding the DSM budget and the continuation of certain programs. The Petition for
10 Reconsideration requests modest changes so that two programs that have been popular with
11 customers and provided benefits to all customers well in excess of their costs can be continued
12 in 2016. NV Energy understands that funding for these programs for future years will need to
13 be reassessed at a later date. Granting reconsideration as requested will also avoid the costs of
14 stopping and starting these programs while preserving flexibility for Nevada Power's portfolio
15 of DSM programs.

16 Further, Nevada Power is requesting that the Commission grant reconsideration of its
17 decision regarding a mandatory RFP for supply side resources so that Nevada Power can request
18 a waiver of that directive under appropriate circumstances. Doing so will allow Nevada Power
19 to maintain all options to obtain the most cost effective and beneficial resource to meet the needs
20 of its customers.

21 Finally, Nevada Power and Sierra have requested clarification of two items in the Order.
22 Nevada Power requests clarification of how the funds necessary to conduct the Net-to Gross
23 study should be sourced. Sierra requests clarification of whether the approved budget for its
24 Commercial Demand Response program can be utilized to manage the equipment already
25 installed and operable under the now-discontinued Agricultural Demand Response program,

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¹⁵ 2015 Annual Demand Side Management Update Report, Sierra Pacific Power Company, d/b/a NV Energy,
Docket No. 15-06065, Vol. 2, Table DSM-50, p. 230 of 246.

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Respectfully submitted, the 8th day of January, 2016.

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

By: /s Douglas Brooks
Douglas Brooks, Esq.
Assistant General Counsel
P.O. Box 98910
6226 West Sahara Avenue
Las Vegas, Nevada 89151
702-402-5697 tel. /702-402-2069 fax
dbrooks@nvenergy.com

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing **FILING OF SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY AND NEVADA POWER COMPANY D/B/A NV ENERGY** in Docket Nos. 15-06065, 15-07004 and 15-08011 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
Paul Stuhff
Michael Saunders
David Norris
Attorney General's Office
Bureau of Consumer Protection
10791 W. Twain Ave., Ste. 100
Las Vegas, NV 89135-3022
bcpserv@ag.nv.gov
dnorris@ag.nv.gov

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

Robert G. Johnston, Esq. NCARE
Regina M. Nichols
550 W. Musser St.
Carson City, NV 89703
Robert.johnston@westernresources.org
nichols@westernresources.org

Karen A. Peterson, Esq. NNIEU
Patrick V. Fagan, Esq.
Allison MacKenzie, Ltd.
P.O. Box 646
Carson City, NV 89702
kpeterson@allisonmackenzie.com
pfagan@allisonmackenzie.com

Geoffrey B. Inge
KTM, Inc.
777 29th St., Ste. 200
Boulder, CO 80303
gbinge@ktminc.com

Fred Schmidt SNWA
Holland & Hart LLP
377 South Nevada St.
Carson City, NV
fschmidt@hollandhart.com

1 Timothy K. Shuba, Esq. (SNHG)
Henry Shields
2 Paula Eylar-Lauzon
Eric Dominguez
3 Dave Gildersleeve
Katarina Tesarova
4 Stacie Michaels
tshuba@goodwinprocter.com
5 hshields@mgmresorts.com
paulaeylar@boydgaming.com
6 edominguez@caesars.com
katarina.tesarova@sands.com
7 Stacie.michaels@wynnlasvegas.com
Dave.gildersleeve@stationcasinos.com
8

Charles K. Hauser (SNWA)
1001 S. Valley View Blvd.
Las Vegas, NV 89153
Chuck.hauser@lvvwd.com

9 Sam Castor (Switch)
Associate General Counsel
10 7135 S. Decatur Blvd.
Las Vegas, NV 89118
11 regulatory@supernap.com

Kathleen M. Drakulich (TASC)
McDonald Carano Wilson, LLC
100 W. Liberty St., 10th Flr.
Reno, NV89501
kdrakulich@mcdonaldcarano.com

12 Angie Dykema
Paul Thomsen
13 Governor's Office of Energy
755 North Roop St. Suite 202
14 Carson City, NV 89701
adykema@energy.nv.gov
15 pthomsen@energy.nv.gov

Will Mitchell
Recurrent Energy
300 California St. Ste. 700
San Francisco, CA. 94104
Will.mitchell@recurrentenergy.com

16 John C. Degnan, Lt Col, USAF (FEA)
17 Thomas A. Jernigan, GS-14, USAF
18 Juan J. Godinez, Capt, USAF
139 Barnes Drive, Ste. 1
Tyndall Air Force Base, Florida 32403
19 John.degnan@us.af.mil
Ulfsc.tyndall@us.af.mil
20 Thomas.jernigan.3@us.af.mil
Juan.godinez.2@us.af.mil
21 toribio.garcia@us.af.mil

Lisa Tormoen Hickey (Interwest)
Alpern Myers Stuart LLC
14 North Sierra Madre, Se. A
Colorado Springs, CO 809003
lisahickey@coloradolawyers.net

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23 DATED this 8th day of January, 2016.

24 /s/ Janice Baldarelli
25 Janice Baldarelli
26 Legal Admin Assistant
Nevada Power Company
Sierra Pacific Power Company
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