

Contact Filer Regarding Image Clarity

Original Filing

Public Utilities Commission of Nevada

Electronic Filing

Submitted: 7/1/2015 1:50:12 PM

Reference: 18f540af-0d52-461b-823e-b3b542b676ee

Filed For: NPC

In accordance with NRS Chapter 719,
this filing has been electronically signed and filed
by: /s Janice Baldarelli

By electronically filing the document(s),
the filer attests to the authenticity of the electronic signature(s) contained therein.

This filing has been electronically filed and deemed to be signed by an authorized
agent or
representative of the signer(s) and
NPC

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER of the Application of NEVADA)
 POWER COMPANY, seeking approval of the)
 First Amendment to its Emissions Reduction and)
 Capacity Replacement Plan seeking approval of a)
 100 MW Purchased Power Agreement with) Docket No. 15-07 ____
 SunPower Executed Pursuant to the 2014 ERCR)
 RFP, and of a 100 MW Purchased Power)
 Agreement with First Solar Executed pursuant to)
 the 2015 ERCR RFP. /

VOLUME 2 OF 6

**APPLICATION, EXHIBITS, TESTIMONY and
 TECHNICAL APPENDIX - ECONOMIC ANALYSIS**

DESCRIPTION	PAGE NUMBER
APPLICATION	2
Application Exhibits	
Exhibit A – Action Plan Narrative	12
Exhibit B – Draft Notice	58
TESTIMONY	
Shawn M. Elicegui	62
William K. Branch	78
Robert R. Kocour, Jr.	98
Charles A. Pottey	111
TECHNICAL APPENDIX ECONOMIC ANALYSIS	
ECON-1 Renewable Placeholder Supply Tables	123
ECON-2 SunPower, First Solar Supply Tables and Pricing (Public Version)	126
ECON-3 2014, 2015 Bidder Supply Tables, Pricing (Public Version)	128
ECON-4 CERs for Network Upgrades	130
ECON-5 L&R Tables	142
ECON-6 Production Costs	213
ECON-7 PWRR (Production + Capital costs)	231
ECON-8 Operating Reserves Calculation	249

APPLICATION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

IN THE MATTER of the Application of NEVADA)
POWER COMPANY, seeking approval of the)
First Amendment to its Emissions Reduction and)
Capacity Replacement Plan seeking approval of a)
100 MW Purchased Power Agreement with) Docket No. 15-07 ____
SunPower Executed Pursuant to the 2014 ERCR)
RFP, and of a 100 MW Purchased Power)
Agreement with First Solar Executed pursuant to)
the 2015 ERCR RFP. /

**APPLICATION TO APPROVE FIRST AMENDMENT TO
EMISSIONS REDUCTION AND CAPACITY REPLACEMENT PLAN**

Nevada Power Company, d/b/a NV Energy (“Nevada Power” or “the Company”), makes this Application, pursuant to NRS § 704.7311 *et seq.*, NRS § 704.736 *et seq.*, Nevada Administrative Code § 704.95035, and NAC § 704.9517. This application seeks approval by the Public Utilities Commission of Nevada (“Commission”) to amend Nevada Power’s currently approved emissions reduction and capacity replacement (“ERCR”) Plan. This First Amendment to Nevada Power’s 2014 ERCR Plan presents the results and recommends approval of new renewable energy purchased power agreements (“PPAs”) resulting from the first two Request for Proposals (“RFP” or “RFPs”) issued by the Company, as approved by the Commission in Docket 14-05003. The filing also seeks approval to construct transmission upgrades necessary to interconnect the two projects that will provide renewable energy pursuant to the above-described PPAs to the bulk transmission system. NRS § 704.751(2) provides that the Commission shall issue an order within 180 days in proceedings requesting approval to amend an ERCR Plan. Thus, by statute, a final order regarding this ERCR Amendment must be issued on or before Monday, December 28, 2015. In order to ensure that the projects represented by these PPAs have a reasonable opportunity to be completed before the expiration of favorable tax credits, the Company seeks expedited treatment of the filing.

I.
SUMMARY AND INTRODUCTION

1
2 In the Commission’s modified final order in Docket No. 14-05003, Nevada Power was
3 authorized to proceed with three 100 megawatt competitive solicitations for renewable energy
4 resources: one in October 2014 (the “2014 RFP”),¹ and a second in January 2015 (the “2015
5 RFP”). This filing seeks approval of the PPAs executed with the winning bidders from both
6 RFPs. The PPAs are summarized as:

7 A. Boulder Solar (SunPower). Nevada Power has executed a twenty year PPA with
8 Boulder Solar Power, LLC for a 100 MW solar project located in Boulder City,
9 Nevada. This project was the top selection from the 2014 RFP. The project is projected
10 to generate 289,288 megawatt-hours of renewable energy in its first full year of service.

11 B. Playa Solar 2 (First Solar). Nevada Power has executed a twenty year PPA with
12 Playa Solar 2, LLC for a 100 MW solar project located in the Solar Energy Zone in
13 Clark County, Nevada. This project was the top selection from the 2015 RFP. The
14 project is projected to generate 307,820 megawatt-hours of renewable energy in its first
15 full year of service.

16 The non-price terms and conditions of the two PPAs are similar to those found to be
17 just and reasonable in contracts previously approved by the Commission. More importantly,
18 the price terms of both contracts are reasonable. In 2014, the average cost per megawatt-hour
19 of solar renewable energy delivered to Nevada Power from renewable energy systems was
20 approximately \$137.65. The first year price of both contracts is just about one-third of the price
21 of 2014 solar deliveries; specifically, the SunPower price, which is fixed and does not escalate,
22 is \$46.00 per megawatt-hour and the First Solar first year price is \$38.70 per megawatt-hour.

23 The two PPAs offer the best pricing value to the customers and fit well with customers’
24 energy needs. Adding the two contracts to the Company’s portfolio adds fuel diversity at a
25 time when the retirement of coal-fired generation reduces fuel diversity. Moreover, the two
26

27 ¹ Nevada Power allowed respondents to the 2014 RFP to refresh bids in connection with the issuance of the 2015
28 RFP.

1 PPAs are favorably priced, especially in contrast to prior solar PPAs. Both projects effectively
2 serves as a hedge against increases in fuel prices as the proposals offer a fixed or known price
3 for the term of the contract. The SunPower contract delivers energy and provides capacity at a
4 price that is lower than what was Nevada Power’s modeled ERCR avoided cost in all but two
5 years during the contract. While the First Solar contract does not include a fixed price for the
6 term of the contract, it escalates at a reasonable and fixed rate. The contract delivers energy
7 and provides capacity at a price that is lower than what was Nevada Power’s modeled ERCR
8 avoided cost in all but one year during the contract.

9 Overall, the two projects are very reasonable priced when compared (a) to existing
10 solar contracts and (b) to other, fossil-fuel driven generation. The projects advance the
11 purposes of Nevada’s emission reduction and capacity replacement statute, and provide value
12 to customers.

13 The Action Plan amendment includes a discussion of the Network Upgrades required to
14 interconnect the two facilities to the bulk transmission system. These costs, which will be
15 incurred to construct facilities approved in an emissions reduction and capacity replacement
16 plan and necessary to interconnect generating facilities approved in such a plan, will receive
17 the ratemaking treatment provided for in NRS § 704.7317.

18
19 **II.**
THE APPLICANT NEVADA POWER COMPANY

20 Nevada Power is a Nevada corporation and wholly-owned subsidiary of NV Energy,
21 Inc., which is an indirect subsidiary of Berkshire Hathaway Energy Company. Nevada
22 Power is engaged in providing electric service to the public in portions of Clark and Nye
23 Counties, Nevada pursuant to a certificate of public convenience and necessity issued by
24 this Commission. Nevada Power is a “public utility” as that term is defined and used
25 pursuant to Chapter 704 of the NRS.

26 Nevada Power’s primary business office is located at 6226 West Sahara Avenue in
27 Las Vegas, Nevada. All correspondence related to this Application should be transmitted to
28

1 Nevada Power's counsel and to Nevada Power's Manager of Regulatory Services, as set
2 forth below:

3 Elizabeth Elliot
4 Associate General Counsel
5 6100 Neil Road
6 Reno, NV 89511
7 775-834-5694
8 belliot@nvenergy.com

Trevor Dillard
Manager, Regulatory Services
6100 Neil Road
Reno, NV 89511
775-834-5823
regulatory@nvenergy.com

9 **III**
10 **SUPPORTING MATERIAL**
11 **PREPARED DIRECT TESTIMONY**

12 As required by NAC § 704.9517, this Application is accompanied by a multi-
13 volume filing providing narrative, prepared direct testimony of four witnesses, and technical
14 appendices, which are incorporated into this Application by reference. Each of the items
15 required by NAC § 704.9517(1) and (2) is set forth in the narrative and supported by the
16 information provided in the Technical Appendices and the prepared direct testimony.
17 Because this Application involves requests for approval of renewable energy contracts, the
18 provisions of NAC § 704.8885 and NAC § 704.8887 must be followed. Thus the narrative
19 contains a section-by-section recitation of each regulatory requirement followed by the
20 required information.

21 The ERCR Plan Amendment is based on substantially accurate data as required by
22 NAC § 704.163. The information accompanying this Application sets forth all material facts
23 which Nevada Power is prepared to prove and upon which the Commission can base its
24 decision to approve the ERCR Plan. NAC § 703.535. The following witnesses provide
25 prepared direct testimony:

26 **Policy and Executive Sponsor:** Mr. Shawn M. Elicegui, Senior Vice President of
27 Regulation and Strategic Planning, sponsors the regulatory background for the filing,
28 supports the reasonableness of the two proposed PPAs.

Purchased Power Agreements. Mr. William K. Branch, Director, Strategy and
Development, describes and supports the reasonableness of the competitive solicitation

1 process that resulted in the PPAs, and sponsors the two PPAs resulting from the 2014 and
2 2015 RFPs.

3 **Economic Analysis.** Mr. Robert R. Kocour, Jr., Manager of Long-Term Resource
4 Planning supports the economic analysis performed to evaluate the two proposed PPAs.

5 **Transmission Upgrades.** Mr. Charles A Pottey, Director, Transmission Policy,
6 Contracts and Business describes and supports the costs of the transmission upgrades
7 needed to interconnect the two proposed projects to the bulk transmission system.

8 **IV.**
9 **APPLICATION EXHIBITS**

10 Included with this Application and incorporated herein by reference are the
11 following exhibits:

- 12 • **Application Exhibit A**, Action Plan Narrative as required by NAC § 704.9517.
- 13 • **Application Exhibit B**, a proposed notice of the application as required by NAC
14 § 703.162.

15 **V.**
16 **CONFIDENTIALITY**

17 The Company has included a comprehensive list of bidder data, scoring and
18 evaluation material to this Application in order to facilitate review of the reasonableness of
19 the two renewable PPAs by the Regulatory Operations Staff (“Staff”), and the Attorney
20 General’s Bureau of Consumer Protection (“BCP”). Bidder data and bidder evaluation
21 information is included in the Technical Appendices accompanying the filing and is
22 commercially confidential and/or trade secret information subject to protection pursuant to
23 NRS § 703.190. Thus the following Technical Appendix items, with the exception of
24 ECON-2, are provided without redactions:²

- 25 • REN-6. 2014 RFP Initial Short List Scoring Report

26 _____
27 ² Confidential bid and bidder evaluation information will not be provided to any intervener who participated in
28 the 2014 or 2015 RFPs, or who seeks to reserve the opportunity to participate in future renewable competitive
solicitations, even pursuant to a protective agreement.

- 1 • REN-7. Initial Screening Evaluation Report of the Independent Evaluator (2014
- 2 RFP)
- 3 • REN-8. Final Due Diligence and Selection Reports (2014 RFP)
- 4 • REN-9 Closing Report of Independent Evaluator (2014 RFP)
- 5 • REN-10. Amendment to Independent Evaluator Closing Report (2014 RFP)
- 6 • REN-11. 2015 RFP Initial Short List Scoring Report
- 7 • REN-12. Initial Screening Evaluation Report of the Independent Evaluator (2015
- 8 RFP)
- 9 • REN-13. Final Due Diligence and Selection Reports (2015 RFP)
- 10 • REN-14 Closing Report of Independent Evaluator (2015 RFP)
- 11 • REN-15. Amendment to Independent Evaluator Closing Report (2015 RFP)
- 12 • ECON-2. SunPower, First Solar Supply Tables and Pricing
- 13 • ECON-3. Bidder Supply Tables, Pricing

14 Confidentiality of the bid process, including bid terms and the Company's analysis
15 of bids, is essential to a successful competitive solicitation and qualify for confidential
16 treatment under NRS § 703.190. This information derives independent economic value from
17 not being generally known. This information is not known outside the Companies and its
18 distribution is limited within the Companies. Releasing this highly sensitive information
19 would disadvantage Nevada Power by limiting its ability to foster competition among
20 prospective energy suppliers; compromising Nevada Power's negotiating position and
21 reducing its bargaining leverage. Publication of this information would unfairly advantage
22 competing market participants and impair Nevada Power's ability to achieve the most
23 favorable pricing and terms and conditions from suppliers on behalf of its customers.

24 Pursuant to NAC § 703.5274(1), one unredacted copy of the above-described
25 confidential information will be filed with the Commission's Secretary in a separate
26 envelope stamped "confidential."

27
28

1 Confidential treatment of the above-described information will not impair the ability
2 the Staff or the BCP to fully investigate Nevada Power’s proposals. Pursuant to NAC §
3 703.527 and § 703.5274, Staff and BCP have already have executed a protective agreement
4 for this case and will be immediately provided unredacted copies of the filing.

5 **VI.**
6 **REQUEST FOR DEVIATION FROM REGULATION**

7 NAC § 704.0097 provides that the Commission may allow deviation from any
8 provision of NAC Section 704 if:

- 9 (1) Good cause for the deviation appears;
10 (2) The person requesting the deviation provides a specific reference to each
11 provision of the chapter from which the deviation is requested; and
12 (3) The Commission finds that the deviation is in the public interest and is not
13 contrary to statute.

14 NAC § 704.9517(e) provides that if an amendment to an ERCR seeks approval of a
15 renewable energy contract, it must contain information regarding imputed debt mitigation. The
16 Commission’s statutes do not require a utility to claim or seek authority to mitigate the effects
17 of any imputed debt arising as the result of a purchased power agreement. Moreover, Nevada
18 Power is not claiming or seeking recovery of imputed debt mitigation related to either of the
19 PPAs that are the subject of this filing. Good cause appearing, Nevada Power asks the
20 Commission to determine that its request to deviate from the provisions of NAC § 704.9517(e)
21 is in the public interest.

22 **VII.**
23 **EXPEDITED TREATMENT**

24 By statute, a final order regarding this ERCR Amendment must be issued on or
25 before Monday, December 28, 2015. In order to ensure that the projects represented by
26 these PPAs have a reasonable opportunity to be completed before the expiration in
27 December 2016 of favorable tax credits, the Company seeks expedited treatment of the
28

1 filing. An order by October 5, 2015 would provide the developers of both projects with a
2 reasonable opportunity to be completed before December 2016.

3
4 **VIII.**
PRAYER

5 WHEREFORE, Nevada Power requests that the Commission:

6 (1) Authorize and approve the purchased power agreement with top selection from
7 the 2014 ERCR RFP, Boulder Solar (SunPower);

8 (2) Authorize and approve the purchased power agreement with the top selection
9 from the 2015 ERCR RFP, Playa Solar 2 (First Solar);

10 (3) Authorize and approve the construction of transmission network upgrades
11 required to interconnect the Boulder Solar and Playa Solar 2 projects to the bulk transmission
12 grade, recognizing that the costs of these network upgrades will qualify for ratemaking
13 treatment provided under NRS § 704.7317 ;

14 (4) Grant Nevada Power's request to maintain the confidentiality of the information
15 provided above;

16 (5) Grant the deviation from NAC § 704.9517(e) as requested above;

17 (6) Grant the request for expedited treatment as requested above;

18 (7) Grant any other requests as are specifically set forth in the testimony and
19 exhibits filed herewith, both those that are directly addressed and those that are not directly
20 addressed in this Application;

21 (8) Grant such additional other relief as the Commission may deem appropriate
22 and necessary.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated this 1st day of July, 2015.

Respectfully submitted,

NEVADA POWER COMPANY

/s/Elizabeth Elliot
Elizabeth Elliot
Associate General Counsel
Nevada Power Company
6100 Neil Road
Reno, NV 89511
775-834-5694
belliot@nvenergy.com

APPLICATION EXHIBIT A
FIRST ERCR AMENDMENT
ACTION PLAN NARRATIVE

Table of Contents

I. INTRODUCTION-ERCR AND RESOURCE PLANNING STRATEGY	2
II. SUMMARY OF SPECIFIC APPROVALS	3
III. CHANGES IN ASSUMPTIONS OR DATA.....	4
IV. RENEWABLE ENERGY RESOURCES AND ERCR	4
A. SUMMARY	4
B. ERCR BACKGROUND FOR THREE 100MW RENEWABLE RFPS	4
C. RFP PROCESS AND EVALUATION METHODOLOGY	5
<i>Selection and Role of the Independent Evaluator.....</i>	<i>5</i>
<i>Request for Proposal Protocol.....</i>	<i>7</i>
<i>2014 Request for Proposals.....</i>	<i>8</i>
<i>2015 Request for Proposals.....</i>	<i>9</i>
<i>Initial Evaluation Process</i>	<i>10</i>
<i>PWRR Analysis.....</i>	<i>13</i>
<i>Additional Analysis of Shortlist Bids</i>	<i>18</i>
<i>Final Selection.....</i>	<i>18</i>
V. APPROVAL OF TWO NEW RENEWABLE PPAS.....	19
A. SUNPOWER, BOULDER SOLAR (2014 RFP)	20
B. FIRST SOLAR, PLAYA SOLAR 2 (2015 RFP)	30
VI. NETWORK UPGRADES REQUIRED FOR THE NEW PPAS.....	41
VII. AMENDED ACTION PLANS.....	45

I. INTRODUCTION-ERCR AND RESOURCE PLANNING STRATEGY

This First Amendment of the Nevada Power Company d/b/a NV Energy (“Nevada Power” or “Company”) Emission Reduction and Capacity Replacement Plan (the “2014 ERCR” or “ERCR”) presents the results and recommends approval of new renewable energy contracts resulting from the first two Request for Proposals (“RFP” or “RFPs”) issued by the Company, as approved by the Public Utilities Commission of Nevada (“PUCN” or “Commission”) in Docket 14-05003.

Background. On June 11, 2013, Governor Brian Sandoval signed Senate Bill 123 (“SB123”), marking the completion of a bi-partisan effort to change Nevada’s energy landscape.¹ Sponsored by Senator Atkinson, Assemblywoman Kirkpatrick, and Assemblyman Bobzien, the legislation required Nevada Power to prepare and file with the Commission an ERCR. Section 704.7316 of the Nevada Revised Statutes (“NRS”) prescribes the minimum elements of the ERCR.

NRS 704.7316(2)(b) provides that retired or eliminated coal-fired generation is to be replaced by 350 MW of constructed, acquired or contracted for renewable energy resources. Nevada Power is required to issue three 100 MW RFPs from new renewable energy sources, on or before December 31, 2014, December 31, 2015 and December 31, 2016, respectively. Nevada Power must begin to construct or acquire 50 MW of new renewable energy resources on or before December 31, 2017. Nevada Power issued the 2014 RFP and 2015 RFP early this year and began constructing a 15-MW solar photovoltaic (“PV”) facility located at the Nellis Air Force Base in 2015. Only two elements of NRS 704.7316(2)(b) need to be implemented: the 2016 RFP and 35 MW of renewable facilities to be constructed or acquired and owned by Nevada Power.

On June 1, 2015, the last day of the 78th Session of the Nevada Legislature, Assemblyman Hambrick introduced Assembly Bill 498 (“AB 498”). Several of the Company’s customers had expressed concerns about the costs associated with implementing the final elements of NRS 704.7316. Accordingly, at the request of several of its largest customers, the Company assisted in the preparation of the legislation. The Assembly and the Senate both approved the measure the day it was introduced. The bill was signed by Governor Sandoval on June 11, 2015. The legislation requires that Nevada Power demonstrate need for the final elements of NRS 704.7316, “to the satisfaction of the Commission.” In light of the purpose of the legislation, the Company is not, through this filing and the related first amendment to the emissions reduction and capacity replacement plan, moving forward with three elements of NRS 704.7316: the construction or acquisition of 54 MW of generating capacity pursuant to NRS 704.7316(2)(c), the construction or acquisition of 35 MW of renewable energy facilities pursuant to NRS 704.7316(2)(b), and the issuance of a request for proposals in 2016 for 100 MW of renewable energy pursuant to NRS 704.7316(2)(b)(3).

¹ Senate Bill 123 received unanimous support from Nevada’s 11 Democratic and 10 Republican Senators.

The Company does intend to move forward with those projects through future filings when it can demonstrate, to the satisfaction of the Commission, that it has a need for the specific generating capacity referenced in AB 498.

Key Elements of Nevada Power's ERCR. Nevada Power has developed a thoughtful and comprehensive approach to meeting the challenges of long-term resource planning while considering the requirements of the ERCR. Nevada Power's ERCR was modified and approved by the commission in its final order in Docket No. 14-05003. The Company has completed the first two of the three renewable RFPs contained in that plan. This ERCR amendment presents for Commission approval, the winning bids from those solicitations.

Following through on its renewable energy commitments and executing its ERCR as approved by the Commission is embedded in the Company's strategic plan and is consistent with Nevada Power's core principles: customer service, employee commitment, environmental respect, regulatory integrity, operational excellence, and financial strength. As such, this ERCR amendment is consistent with Nevada Power's strategic plan and is supported and endorsed at the highest levels of NV Energy.

II. SUMMARY OF SPECIFIC APPROVALS

Pursuant to the Commission's orders in Docket No. 14-05003, Nevada Power issued two of three required RFPs for 100 MW of renewable energy: one in October 2014 (the "2014 RFP"),² and a second in January 2015 (the "2015 RFP"). Power purchase agreements ("PPA" or "PPAs") executed with the winning bidders from both RFPs are being submitted to the Commission for approval in this filing. Nevada Power requests that the Commission approve the following:

A. Boulder Solar (SunPower). Nevada Power has executed a twenty year PPA with Boulder Solar Power, LLC for a 100 MW solar project located in Boulder City, Nevada. This project was the top selection from the 2014 RFP. The project is projected to generate 289,288 megawatt hours of renewable energy in its first full year of service.

B. Playa Solar 2 (First Solar). Nevada Power has executed a twenty year PPA with Playa Solar 2, LLC for a 100 MW solar project located in the Solar Energy Zone in Clark County, Nevada. This project was the top selection from the 2015 RFP. The project is projected to generate 307,820 megawatt hours of renewable energy in its first full year of service.

² Nevada Power allowed respondents to the 2014 RFP to refresh bids in connection with the issuance of the 2015 RFP.

III. CHANGES IN ASSUMPTIONS OR DATA

A. In its Present Worth Revenue Requirement (“PWRR”) evaluation of bids for both the 2014 RFP and the 2015 RFP, Nevada Power used the general assumptions approved by the Commission in its modified order in Docket No. 14-05003. The analysis contained in this application uses consistent assumptions for load forecasts, fuel and purchased power price forecasts, and other system configuration and resource mix assumptions, as those contained in Nevada Power’s ERCR filing as modified by the Commission order. Updates to these input assumptions are not necessary to isolate and select the most favorable contracts on behalf of utility customers. The only changes made to the input assumptions were to replace the “placeholder” resources used for these RFPs in the ERCR with the exact information – supply and pricing – from the selected RFP bids. The contracts resulting from the first two RFPs furthers one of the legislative intents of SB123; to replace retiring coal fired generation with new renewable resources.

IV. RENEWABLE ENERGY RESOURCES AND ERCR

A. SUMMARY

In Nevada Power’s ERCR filing the Commission approved the plan to issue three separate 100 MW renewable RFPs as contemplated by SB123. The renewable energy contracts presented below represent the winning bids resulting from the 2014 RFP and the 2015 RFP.

B. ERCR BACKGROUND FOR THREE 100MW RENEWABLE RFPs

Consistent with the approach set forth in the ERCR, the Company prepared and completed the 2014 RFP and the 2015 RFP for PPAs with new renewable energy projects in Nevada. The Company developed and implemented a process for these RFPs consistent with the guidance provided by the Commission in Docket No. 13-06023.

In its September 30, 2014 Interim Order the Commission accepted the Company’s proposed protocol for the 2014 RFP with certain modifications. These modifications included:

1. Limiting the transaction structures to PPAs only;
2. Changes to the bid fee structure;
3. Prohibiting refreshing bid prices above the original bid; and
4. Consideration of non-price factors utilization of output and transmission constraints;

The Company incorporated these modifications into its 2014 RFP protocol. The 2014 RFP was issued on October 1, 2014.

The Commission held additional workshops in October 2014 and on January 15, 2015 issued a second Interim Order. In the January 15, 2015 Interim Order the Commission determined that accelerating the issuance of the 2015 RFP would provide value to customers by capturing the benefits of the 30 percent investment tax credit (“ITC”) before the scheduled reduction to 10 percent at the end of 2016. The Commission authorized the Company to merge the 2014 RFP and the 2015 RFP for analytical purposes. The Commission made the following additional changes to the RFP protocol:

1. Bidders would be allowed to propose a buy-out option subject to Commission approval;
2. Bids received in the 2014 RFP would be considered in the 2015 RFP without an additional bid fee;
3. Bidders that submitted bids in the 2014 RFP would be allowed to update bids with any new information without being subject to an additional bid fee; and
4. Bids submitted in the 2014 RFP that were materially changed would be considered new bids and be subject to a second bid fee.

The Company incorporated these modifications into its 2015 RFP protocol. The 2015 RFP was issued on January 26, 2015.

C. RFP PROCESS AND EVALUATION METHODOLOGY

Selection and Role of the Independent Evaluator

The Company’s RFP protocol called for the use of an independent evaluator (“IE”) to monitor and oversee the RFP process to ensure a competitive, fair and transparent process. To select the IE the Company issued a request for proposals on July 22, 2014, with proposals due on August 4, 2014. The Company received proposals from seven entities. The proposals were evaluated based on qualifications and pricing. The Company selected Merrimack Energy Group (“Merrimack”). The Company reviewed its evaluation and selection of Merrimack with the Commission’s Regulatory Operations Staff (“Staff”) on August 8, 2014, and Staff concurred with the Company’s selection.

Founded in 1991 and reorganized in 2002, Merrimack provides energy procurement, energy project origination, project development, consulting services and related marketing and analytical support to all segments of the domestic and international energy markets.

Merrimack has extensive experience in all phases of power procurement and resource planning in power markets throughout the United States and Canada. Wayne Oliver, Principal of Merrimack has managed approximately 45 competitive procurement assignments on behalf of electric utilities, public utility commissions and other power buyers. He has served directly as independent evaluator, monitor, or auditor for over 25 competitive procurement assignments for conventional resources, renewable resources, demand-side management resources, or distributed resources.

Additional consulting support for Merrimack included:

- Assistant Project Manager – Barry Sheingold, President of New Energy Opportunities; and
- Consultant – Alvaro Pereira, Managing Consultant, La Capra Associates

The duties and responsibilities of the IE were as follows:

- Report on the Renewable RFP Design (Technical Appendix REN-3)
- The IE monitored and oversaw the RFPs to ensure that a competitive, fair and transparent RFP process was conducted, including the following:
 - Evaluation and ranking of bid responses;
 - Selection of the Initial Short List of bids;
 - Selection of the Final Short List of bids; and
 - Negotiation of the contracts with successful bidders
- The IE participated in the Company's pre-bid conferences with stakeholders.
- The IE participated in communications and discussions with RFP respondents.
- The IE verified the basis for the Company's selection of the Initial Short List of bids, including:
 - Verifying that the Renewable RFP design requirements pursuant to (NRS 704.7316(2)(b)(4)) were used as the basis for the Initial Short List, and
 - Verifying that the non-price score was based on project maturity and resource characteristics provided in the RFPs (*e.g.*, permit status, COD reasonableness, dispatch flexibility, resource term, portfolio diversity, etc.).
- Completion of the Initial Screening Evaluation Report (Confidential Technical Appendices REN-7 and REN-12)
- The IE verified the basis for selection of the Final Short List of bids, including:
 - Verifying the results of modeling the effect of candidate resources on overall system costs and risks, and

- Verifying that the portfolio modeling and decision criteria used to select the Final Short List of bids was consistent with the Renewable RFP design evaluation criteria.
- The IE independently scored all of the bids to determine whether the Company's initial and final selections were reasonable.
- The IE and the Company compared scores of selected bids and attempted to reconcile and or resolve any differences.
- Completion of a closing report that details bid scoring and evaluation results with a detailed assessment of the Company's selection of the winning proposals (Confidential Technical Appendices REN-9 and REN-14).
- The IE monitored negotiations between the Company and the selected bidders.
- Completion of a supplemental report covering the negotiations (Confidential Technical Appendices REN-10 and REN-15)

Request for Proposal Protocol

For both the 2014 RFP and the 2015 RFP the Company prepared bid protocols ("Protocol") describing the purpose of the RFP, the process by which the RFP would be conducted, the schedule, a description of the information required for each bid, bid submittal instructions and minimum eligibility requirements. The Protocol also included a description of the evaluation process. The Protocol included a pro-forma PPA for bidders to review and comment. Estimated integration costs for various interconnection points on the Company's transmission system were also included in the Protocol.

The IE reviewed the draft Protocols and the final Protocols reflected the incorporation of comments received from the IE.

The Protocol required bidders to register in the Company's Power Advocate system, a tool used by the Company's procurement group for competitive bidding processes. Bidders that registered in Power Advocate were provided the bid Protocol and attachments. Bidders were provided a unique number for each bid and alternative bids (*e.g.*, Bid 100 for the primary bid and Bid 100.1, 100.2, etc. for each alternative).³ There was no direct communication between the Company and bidders until after completion of the initial evaluation phase.

³ The bid numbers for the 2014 responses were designed to blind the Company from the identity of the bidder in the event an affiliate of the Company submitted a bid. After it was determined that no bids were submitted by an affiliate, the bidder names were disclosed to the Company.

All communication with bidders was conducted through Power Advocate. Bidders were permitted to submit questions through Power Advocate to the Company. Company responses to questions were provided to the bidder through Power Advocate. Bids were required to be submitted using the Power Advocate tool, which were then provided to Company personnel.

A bid fee was required for each bid submittal (\$10,000 for 50 MW and greater, \$5,000 for less than 50 MW), including two bid alternatives, and an additional \$1,000 fee for up to three more alternative bids. The bid fees were used to help cover the cost of the IE.

2014 Request for Proposals

The 2014 RFP was issued on October 1, 2014. A bidder's conference was held on October 10, 2014. At the bidder's conference the Company explained the scope of the 2014 RFP, process for submitting bids, the bid data required to be submitted, and the evaluation process. A follow-up webinar was held on October 24, 2014, to provide additional explanation on the bid input forms.

The Company requested proposals from projects that qualified as renewable energy resources under NRS 704.7811, including but not limited to solar, geothermal, wind, and biomass. Proposals with a capacity of up to 100 MW were permitted. The transaction structure was to be a PPA with a term of between 10 and 25 years. The Company expressed a preference for a commercial operation date on or before December 31, 2016. Projects were required to be located in Nevada, integrated into the NV Energy transmission system as a network resource and capable of delivering energy to serve the Company's retail load.⁴ The 2014 RFP Protocol and attachments are included in Technical Appendix REN-1.

Bids were received on November 12, 2014. The Company received 28 conforming bids from 20 counter-parties, totaling 1,561 MW. In addition, 32 alternatives to those bids were received. Table REN-1 provides a summary of the bids received in response to the 2014 RFP.

⁴ These requirements also applied to the 2015 RFP.

TABLE REN-1 – PROPOSALS RECEIVED FOR 2014 RFP

Technology	Number of Projects (Bids)	Number of Bids+Alternatives	Total MW
Solar PV	23	51	1,318.7
Geothermal	3	4	42.5
Wind	2	5	200.0
Total	28	60	1,561.2

2015 Request for Proposals

As described above, the Commission’s January 15, 2015, Interim Order in Docket 13-06023 required the Company to merge the 2014 RFP with the not yet issued 100 MW request for proposals to be issued in 2015. The Company paused its efforts on the 2014 RFP and on January 26, 2015, the Company issued the 2015 Request for Proposals (“2015 RFP”). The schedules for the 2014 RFP and the 2015 RFP were combined into a single schedule under the 2015 RFP.

The 2015 RFP allowed the 2014 RFP bidders and new bidders to (1) submit new bids, (2) submit new alternatives to bids submitted in response to the 2014 RFP and (3) refresh bids and alternatives submitted in response to the 2014 RFP. Bids received in response to the 2014 RFP and those 2014 RFP refreshed bids not selected as the winner of the 2014 RFP would be considered under the 2015 RFP. The Protocol was updated to reflect these changes for the 2015 RFP and is included, with attachments, in Technical Appendix REN-2.

A webinar was held for prospective bidders on February 3, 2015. During the webinar the Company explained the scope of the 2015 RFP, the process for submitting bids, the bid data required to be submitted, and the evaluation process. The Company also discussed changes from the 2014 RFP and the provisions described above for the 2014 RFP bidders.

Bids were received on February 16, 2015. The Company received 16 new conforming bids, including bids from five new counter-parties, totaling up to 1,089 MW. Bidders refreshed 18 bids from the 2014 RFP. Table REN-2 provides a summary of the bids received in response to the 2015 RFP.

