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Filed For: Nevada Power Company and Sierra Pacific Power

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

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
Nevada Power Company and Sierra Pacific Power



December 1, 2022

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

RE: Docket No. 22-11032- Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the Fourth Amendment to the 2021 Joint IRP.

Dear Ms. Osborne:

On November 30, 2022, Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (the "Companies") submitted a Joint Application for approval the Fourth Amendment to the 2021 Joint Integrated Resource Plan. The Public Utilities Commission of Nevada (the "Commission") designated the filing as Docket No. 22-11032.

The Joint Application consists of five volumes. In the course of reviewing the filing, the Companies discovered that certain confidential information was filed in the public version of the Joint Application, specifically, in Volumes 1 and 2. Justification for the confidential treatment of the publicly filed confidential information is already contained in the November 30, 2022, Transmittal Letter, the Joint Application, and in relevant witnesses' testimony. To remedy the inadvertent public filing of the confidential information, the Companies are refileing Volumes 1 and 2 in their entirety, as an errata, with the confidential information redacted and requesting that Volumes 1 and 2 be replaced.

Except for a single page, page 89 of the Narrative, all of the pages containing redactions or marked as confidential were submitted with the confidential portion of the original filing on November 30, 2022. The Companies are supplementing the confidential materials with the unredacted version of page 89 of the Narrative. The November 30, 2022, Transmittal Letter and the Joint Application already contain the justification for confidential treatment of page 89 of the Narrative.

Additionally, the Companies discovered that the Joint Application contains mistakes in Volumes 1 and 2 as identified below. This errata also corrects those mistakes. Notably, the corrections below do not affect the Draft Public Notice submitted as Exhibit B to the Joint Application. This errata makes the following corrections:

- The Table of Contents in Volume 1 is replaced to (1) account for the page numbering change in light of adding the Affirmation page to Mr. Cole's Direct Testimony in Volume 2; and (2) reflect the correct start page for Technical Appendix REN-3b.
- Page 14 of the Joint Application is replaced with Page 14 included in this errata. The replacement page makes corrections to match the Transmission Plan requests in paragraph 4 to those listed in Section 2 of the Narrative: Summary of Specific Approvals Requested.

Ms. Osborne
December 1, 2022
Page 2 of 2

- The cover page of Volume 2 is replaced to account for the page numbering change in light of adding the Affirmation page to Mr. Cole's Direct Testimony. In addition, the titles of Technical Appendices FPP-1 and GEN-2 are corrected to match the titles in Volume 1.

Should you have any questions regarding this filing, please contact me at 775-834-3470 or at Roman.Borisov@nvenergy.com.

Sincerely,

/s/ Roman Borisov
Roman Borisov
Senior Attorney

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the Fourth Amendment to the 2021 Joint Integrated Resource Plan.

Docket No. 22-11 ____

VOLUME 1 OF 5

**NEVADA POWER COMPANY D/B/A NV ENERGY AND
SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY**

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November 30, 2022

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

RE: Docket No. 22-11___ - Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the Fourth Amendment to the 2021 Joint IRP.

Dear Ms. Osborne:

Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy (the “Companies”) hereby submit a Joint Application for approval the Fourth Amendment to the 2021 Joint Integrated Resource Plan. The Fourth Amendment seeks, in part: (1) approval of a new fuel and purchased power price forecast; (2) to amend the Supply Plan to add around-the-clock generation, storage, and to continue operation of existing turbines; and (3) to amend the Transmission Plan to add infrastructure necessary for interconnection of the projects presented, to provide the needed voltage support, and to secure the necessary line routing studies, substations sites, permitting, land rights and long lead-time materials for several key transmission projects that have been identified in multiple studies to ensure the projects can be built in a timely manner to serve customers’ schedules. The Joint Application more comprehensively presents the requests included in the Fourth Amendment.

The Companies have included with this Joint Application and incorporate herein by reference the following Joint Application Exhibits:

- **Application Exhibit A** is a narrative discussion of the Amendment.
- **Application Exhibit B** is a proposed notice of the Joint Application as required by NAC § 703.162.

In addition, the Joint Application is supported by the Technical Appendix and prepared direct testimony from the following witnesses:

- **Ryan Atkins**
- **Michael Cole**
- **Deborah Florence**
- **Dr. David Harrison, Jr.**
- **Kimberly Hopps**
- **John Lescenski**
- **Charles Pottley**
- **Shane Pritchard**

- **Zack Vukanovic**
- **Janet Wells**
- **Kimberly Williams**

Certain information set forth in the Narrative, supporting testimony and Technical Appendices is commercially sensitive and/or trade secret information subject to protection pursuant to NRS § 703.190. Specifically, the confidential information in this filing, along with the basis for the assertion of confidentiality, is set forth below.

Fuel and Purchased Power Price Forecasts. Technical Appendix FPP-1 as well as price forecast charts presented in the Fuel and Purchased Power Price Forecasts section of the narrative contain commercially sensitive and/or trade secret information that derives independent economic value from not being generally known and are derived using proprietary information of third parties. This confidential information is obtained from Wood Mackenzie Limited (“WoodMac”), a fee subscription service and recognized provider and consultant for the energy industry and cannot be publicly disclosed. This information is protected by confidential provisions between the Companies and WoodMac and contains essential qualitative descriptions of the assumptions and methodologies used to develop the price projections. Similarly, the Companies purchase and sell energy and capacity in the wholesale market. In seeking or responding to requests for proposals (“RFPs”), the confidentiality of the Companies’ price forecasts is key to the competitive process. Therefore, it is fundamentally contrary to the interests of customers to provide public access to Companies’ confidential price forecasts for market energy and fuels.

Generation. Technical Appendices GEN-1 and GEN-3 are marked as confidential. Technical Appendix GEN-1 includes the Generating Unit Characteristics Table that provides characteristics used in the dispatch of the Companies’ generating units. Public release of this information would allow parties bidding energy to the Companies to price their units based on NV Energy’s costs, which would adversely affect NV Energy’s customers. Technical Appendix GEN-3 contains detailed negotiated pricing information related to the specific components of the contracts with General Electric for the Silverhawk Peaking Plant. Disclosure of this confidential information would reveal the Companies’ cost expectations for equipment and installation allowing future bidders to submit less competitive offers, which will in turn result in higher costs to NV Energy’s customers. Table GEN-4 of the Generation Section of the Narrative, and corresponding narrative, similarly reflects this confidential pricing information. Table GEN-7 of the Generation Section of the Narrative contains corresponding pricing information for the Northern Peaking Plant, which is not requested for approval in this Joint Application.

Renewables. Technical Appendices REN-3c, REN-4c, REN-5 and REN-6 contain confidential information. Technical Appendices REN-3c and REN-4c are confidential as they contain the Companies’ due diligence review of the two geothermal PPA projects which, if publicly disclosed, could provide an unfair market advantage to competitors by showing the Companies’ internal analysis of projects. Confidentiality of the Companies’ technical evaluation of projects is essential to future successful negotiations and competitive solicitations to obtain the best value on behalf of the Companies’ customers. Technical Appendix REN-5 contains project pricing information that,

if made public, would impair the Companies' ability to negotiate the best pricing for Valmy BESS. Technical Appendix REN-6 provides the results of a competitive solicitation for BESS equipment in this filing which were shared under the condition of confidentiality. Disclosure of confidential cost and bid information contained in Technical Appendices REN-5 and REN-6 could negatively impact the Companies' ability to obtain competitive offers from bidders in the future and deliver the best value to the Companies' customers.

Subsection D, Origination/Renewable Energy, of the Renewables Section of the Narrative contains confidential information. Specifically, the Site Due Diligence discussion within the Valmy BESS portion of the Narrative contains the Companies' internal analysis of future potential sites in southern Nevada suitable for large BESS projects. The Companies are not seeking approval to purchase or lease these plots of land with this Joint Application. Public disclosure of this information could negatively impact the Companies' negotiating position and deliver the best value to the Companies' customers.

Economic Analysis. Technical Appendices ECON-3, ECON-6 and ECON-11 contain confidential information. Technical Appendix ECON-3 contains unit-specific cost data, which is market sensitive data, of each of the Companies' generators. Costs specific to each generator are commercially-sensitive information. Disclosure of such information could put the Companies at a competitive disadvantage. Technical Appendices ECON-6 and ECON-11 contain sensitive projected capital cost information related to future resources. Public disclosure could harm the Companies' ability to negotiate the best priced contracts moving forward and would put the Companies at a competitive disadvantage.

Financial Plan. Certain figures in the Financial Plan of the Narrative are confidential. Specifically, Figures FP-3 and FP-4 in the External Financing Requirements section of the Financial Plan and Figures FP-11 through FP-18 in the Credit Quality section of the Financial Plan should be treated as confidential. Sierra's and Nevada Power's debt is publicly traded, and the information identified in the figures above has not been previously disclosed to the public. Public disclosure of this information could influence investor's view of the underlying credit quality of and debt pricing for the Companies. The portion of Mr. Cole's testimony presenting the Companies' credit metrics is similarly confidential.

Workpapers. Electronic files supporting this Joint Application are enclosed with this letter and will be delivered to the Regulatory Operations Staff and the Bureau of Consumer Protection. The workpapers supporting the confidential portions of the filing listed above are identified as confidential.

Pursuant to NAC § 703.5274(1), one unredacted copy of the confidential information will be filed with the Commission's Secretary in a separate envelope stamped "confidential." Redacted versions of confidential information will be submitted for processing and posting onto the Commission's public website.

Pursuant to NAC § 703.5274(2), the Companies hereby request that the above-described information not be disclosed to the public. The Companies request that this information remain confidential for a period of five years after which the information may be destroyed or returned.

Ms. Osborne
November 30, 2022
Page 4 of 4

Confidential treatment of the above-described information will not impair the ability of the Regulatory Operations Staff or the Bureau of Consumer Protection to fully investigate the Companies' proposals.

Should you have any questions regarding this filing, please contact me at 775-834-3470 or at Roman.Borisov@nvenergy.com.

Sincerely,

/s/ Roman Borisov
Roman Borisov
Senior Attorney

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AND SIERRA PACIFIC POWER COMPANY D/B/A NV ENERGY**

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Joint Application of Nevada Power Company d/b/a)
NV Energy and Sierra Pacific Power Company d/b/a)
NV Energy for approval of the Fourth Amendment to) Docket No. 22-11 ____
the 2021 Joint Integrated Resource Plan.)
_____)

**JOINT APPLICATION TO APPROVE THE FOURTH AMENDMENT TO
THE 2021 TRIENNIAL INTEGRATED RESOURCE PLAN**

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra” and, together with Nevada Power, the “Companies”) make this joint Application, pursuant to Nevada Revised Statute (“NRS”) § 704.741 *et seq.* and Nevada Administrative Code (“NAC”) § 704.9005 *et seq.*, for approval by the Public Utilities Commission of Nevada (“Commission”) of the Companies’ Fourth Amendment (“Amendment”) to their 2021 joint triennial integrated resource plan (“2021 Joint IRP”). As this is an amendment to the Companies’ 2021 Joint IRP, NRS § 704.751(2)(a) requires that that Commission issue an order accepting or modifying the Amendment or specifying any portions of the Amendment it deems to be inadequate, within 165 days after its filing. The statutory period within which this matter must be resolved therefore runs on Friday, May 12, 2023.

I.

SUMMARY AND INTRODUCTION

This filing continues the evolution of Nevada’s energy industry and market, addressing ongoing and growing resource adequacy concerns. More specifically, the Fourth Amendment addresses an updated load forecast, recent changes in federal tax rules, persistent concerns about the uncertain availability of regional market capacity and energy, as well as emergent concerns about potential cancellations and delays of previously approved projects.

The West continues to experience capacity shortfalls during peak usage periods. This has resulted in significant shortfall risk throughout the West with multiple states experiencing energy

1 emergency alerts over the last several years. Nevada is not immune and has experienced energy
2 supply issues three years in a row. Nevada’s historic reliance on the energy market to meet peak
3 period demand is no longer viable and has introduced significant risk of energy shortfalls and
4 associated rolling blackouts in recent years. NV Energy continues focus on reducing Nevada’s
5 exposure to uncertain market resources to meet peak demand and is working towards increased
6 energy independence to ensure reliable service for its customers while supporting future economic
7 and job growth in our state. This filing advances, though certainly does not complete, the path to
8 energy independence. This filing also takes a balanced approach to achieving energy independence
9 by proposing a portfolio that includes more renewable resources, energy storage resources and
10 thermal generation resources.

11 Supply chain issues have caused the Companies to remove the Iron Point and Hot Pot solar
12 photovoltaic (“PV”) and battery energy storage (“BESS”) projects, approved in the 2021 Joint
13 IRP, from the resource portfolio as described in the Renewable section of the Amendment.
14 Although the Companies are uncertain on the future of Hot Pot and Iron Point, the Amendment
15 provides a limited replacement for the voltage support at Valmy Generating Station (“Valmy”),
16 capacity, and renewable portfolio standard (“RPS”) contribution originally expected from the Iron
17 Point and Hot Pot projects. At the same time, the Amendment continues to advance a decarbonized
18 future by targeting the state’s 2050 clean energy goal. The filing meets the requirement in NRS §
19 704.741.3(c), clarified in the July 13, 2022, Order in the First Amendment to the 2021 Joint IRP
20 (“First Amendment”),¹ for a newly defined scenario of low carbon dioxide emissions in IRPs and
21 amendments submitted on or before June 1, 2027, that “uses sources of supply that result in, by
22 the year 2030, an 80 percent reduction in carbon dioxide emissions from the generation of
23 electricity to meet the demands of customers of the utility as compared to the amount of such
24 emissions in the year 2005,” while also meeting the state’s 2050 clean energy goal and including
25 the deployment of distributed generation.

26

27 ¹ Docket No. 22-03024, July 13, 2022, Order at 7.

28

1 The Amendment seeks: (1) approval of a new fuel and purchase power price forecast; (2)
2 to amend the Generation portion of the Supply Plan with the continued operation of existing
3 turbines at the Clark, Harry Allen, Chuck Lenzie, Silverhawk, Walter M Higgins, Las Vegas, and
4 Sun Peak Generating Stations as well as the Clark Mountain units at the Tracy Generating Station,
5 and the addition of 400 megawatts (“MW”) of peaking combustion turbines at the Silverhawk
6 Generating Station; (3) to amend the Renewable portion of the Supply Plan to add a new 120 MW
7 geothermal portfolio long-term power purchase agreement (“PPA”) between Sierra and Ormat, a
8 20 MW new geothermal technology long-term PPA between Sierra and Eavor, and a 200 MW
9 grid-tied BESS at Valmy; a waiver of NAC § 704.6546, use of separate-entity method by utility
10 members of consolidated group, to pass through to customers the full benefit of the investment tax
11 credits (“ITC”) for the Valmy BESS and Reid Gardner BESS projects;² and (4) to amend the
12 Transmission Plan to add infrastructure necessary for interconnection of the projects presented, to
13 add capacitors at the Humboldt and Maggie Creek substations for static voltage support in the
14 Carlin Trend load pocket, to replace the Bordertown Substation’s Phase Shifting Transformer
15 (“PST”) with a new PST at the Hilltop Substation, and secure the necessary line routing studies,
16 substations sites, permitting, land rights and long lead time materials for several key transmission
17 projects that have been identified in multiple studies to ensure the projects can be built in a timely
18 manner to serve customers’ schedules.

19 The items above constitute the Companies’ Preferred Plan, also designated as the Moderate
20 Plan in the Economic Analysis Section of the Narrative. The Preferred Plan in this Amendment
21 addresses resource adequacy and meets the 16 percent planning reserve margin (“PRM”) for each
22 utility, uses the new load forecast presented in the Third Amendment, addresses state and federal
23 carbon policy and changes in fuel and purchase power prices, meets or exceeds the RPS in every
24 year, and advances the state’s 2050 clean energy goal. While not the least cost plan, the Companies

25
26

27 ² The Reid Gardner BESS was approved in the First Amendment, Docket No. 22-03024.

1 selected the Moderate Plan as the Preferred Plan as it does the most to address resource adequacy
2 as described previously without creating long capacity positions.

3 This Amendment builds on the advances in recent filings and addresses ongoing and
4 emerging resource adequacy concerns to ensure reliable and reasonably priced electric service can
5 be delivered to customers through prudent and practical long-term planning. Specifically, the
6 Amendment:

- 7 1. Addresses continuing concerns about the availability and deliverability of regional market
8 capacity and energy;
- 9 2. Addresses increased capacity needs identified in the load forecast filed in the Third
10 Amendment, mitigating potential cancellations and delays of previously approved
11 renewable projects;
- 12 3. Provides a limited replacement of the voltage support for Valmy’s retirement, capacity,
13 and RPS contribution originally expected from the Iron Point and Hot Pot solar
14 photovoltaic and BESS; and
- 15 4. Continues investment in diverse Nevada clean energy resources, advancing the state’s
16 objectives to become a leading producer and consumer of renewable energy.³

17 **II.**

18 **THE APPLICANTS**

19 Nevada Power and Sierra are Nevada corporations and wholly owned subsidiaries of NV
20 Energy, Inc. Nevada Power and Sierra are public utilities as defined in NRS § 704.020 and are
21 subject to the jurisdiction of the Commission. Nevada Power is engaged in providing electric
22 service to the public in portions of Clark and Nye counties, Nevada pursuant to a certificate of
23 public convenience and necessity issued by this Commission. Sierra provides electric service to
24 the public in portions of fourteen northern Nevada counties, including the communities of Carson
25 City, Minden, Gardnerville, Reno, Sparks, and Elko. Sierra owns and operates a certificated local

26 _____
27 ³ Senate Bill 358 (2019), codified at NRS § 704.7820.

1 distribution company engaged in the retail sale of natural gas to customers in the Reno-Sparks
2 metropolitan area.

3 Sierra's primary business office is located at 6100 Neil Road in Reno, Nevada, and Nevada
4 Power's primary business office is located at 6226 West Sahara Avenue in Las Vegas, Nevada.
5 All correspondence related to this Application should be transmitted to the Companies' counsel
6 and to the Manager of Regulatory Services, as set forth below:

7 Roman Borisov
8 Senior Attorney
9 6100 Neil Road
10 Reno, NV 89511
11 775-834-3470
12 Roman.Borisov@nvenergy.com

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

13 **III.**

14 **APPLICATION EXHIBITS**

15 To aid the Commission in considering the Fourth Amendment, the Companies have
16 included with this Joint Application and incorporated herein by reference the following exhibits:

- 17 • **Application Exhibit A** is a Narrative discussion of the amendment.
- 18 • **Application Exhibit B** is a proposed notice of the Application as required by NAC §
19 703.162.

20 The form of Exhibit A, the Narrative, was selected because it is the form used in IRPs and
21 IRP amendments to provide the Commission and stakeholders with detailed and technical
22 information regarding the inputs, in-depth descriptions of the analytical techniques applied to the
23 questions to be answered in IRP filings, as well as clear communication of the results of IRP filings
24 and the recommendations for Commission approval.

25 **IV.**

26 **ADDITIONAL SUPPORTING MATERIAL**

27 NAC § 704.9321(1) provides that a utility's resource plan must be based on substantially
28 accurate data, adequately demonstrated and defended, and adequately documented and justified.

1 NAC § 704.922 provides that a utility’s resource plan must include technical appendices
2 containing sufficient detail to enable a technically proficient reader to understand how the IRP was
3 prepared, and to evaluate the validity of the assumptions and accuracy of the data used. NAC §
4 704.5664 requires that a utility’s resource plan must include written testimony in support of the
5 resource plan.

6 Consistent with these directives, the Amendment includes all such additional material
7 required to adequately demonstrate and defend the substantially accurate data supporting the
8 analysis and the requests for affirmative relief set forth herein. The Amendment and requested
9 information are supported by the prepared direct testimony of the following witnesses:

10 **Ryan Atkins**, Senior Director of Trading and Analytics and Operations, supports the
11 coal price forecast and the Companies’ concerns related to the uncertain availability of
12 regional market capacity.

13 **Michael Cole**, Senior Vice President, Chief Financial Officer and Treasurer, sponsors
14 the Financial Plan to the Amendment.

15 **Deborah Florence**, Director of Corporate Taxation, sponsors the analysis of tax
16 benefits available under the new Inflation Reduction Act (“IRA”) for BESS projects as
17 presented in the Renewables section of the Supply Plan;

18 **David Harrison**, Economist and Affiliated Consultant at NERA Economic Consulting,
19 supports the environmental cost and economic impacts analysis;

20 **Kimberly Hopps**, Director, Financial Planning and Reporting, sponsors the economic
21 models that make up the Financial Plan.

22 **John Lescenski**, Manager, Plant Engineering and Tech, sponsors the Generation
23 section of the Supply Plan which includes the continued operation of most of the
24 Companies’ combustion turbines within the generating fleet and the proposed new
25 Silverhawk Peaking Plant;

26 **Charles Pottey**, Director of Transmission and Distribution Planning, supports the
27 Transmission Plan.

1 **Shane Pritchard**, Director of Renewable Energy and Origination, sponsors the
2 Renewable section of the Supply Plan, including projected compliance with Nevada’s
3 renewable standard, Sierra’s execution of the purchased power agreements for a
4 geothermal portfolio and Eavor geothermal project, and Sierra’s acquisition of the 200
5 MW grid-tied battery to be installed near Valmy.

6 **Zeljko Vukanovic**, Market Fundamentals Lead, sponsors the wholesale power and
7 natural gas price forecasts.

8 **Janet Wells**, Vice President of Regulatory, provides overall support for the
9 Amendment.

10 **Kimberly Williams**, Director of Resource Planning, sponsors the economic analysis
11 and selection of the Preferred Plan.

12 **V.**

13 **CONFIDENTIALITY**

14 Certain information set forth in the Narrative, supporting testimony and Technical
15 Appendices is commercially sensitive and/or trade secret information subject to protection
16 pursuant to NRS § 703.190. Specifically, the confidential information in this filing, along with the
17 basis for the assertion of confidentiality, is set forth below.

18 **Fuel and Purchased Power Price Forecasts.** Technical Appendix FPP-1 as well as price
19 forecast charts presented in the Fuel and Purchased Power Price Forecasts section of the narrative
20 contain commercially sensitive and/or trade secret information that derives independent economic
21 value from not being generally known and are derived using proprietary information of third
22 parties. This confidential information is obtained from Wood Mackenzie Limited (“WoodMac”),
23 a fee subscription service and recognized provider and consultant for the energy industry and
24 cannot be publicly disclosed. This information is protected by confidential provisions between the
25 Companies and WoodMac and contains essential qualitative descriptions of the assumptions and
26 methodologies used to develop the price projections. Similarly, the Companies purchase and sell
27 energy and capacity in the wholesale market. In seeking or responding to requests for proposals

1 (“RFPs”), the confidentiality of the Companies’ price forecasts is key to the competitive process.
2 Therefore, it is fundamentally contrary to the interests of customers to provide public access to
3 Companies’ confidential price forecasts for market energy and fuels.

4 **Generation.** Technical Appendices GEN-1 and GEN-3 are marked as confidential.
5 Technical Appendix GEN-1 includes the Generating Unit Characteristics Table that provides
6 characteristics used in the dispatch of the Companies’ generating units. Public release of this
7 information would allow parties bidding energy to the Companies to price their units based on NV
8 Energy’s costs, which would adversely affect NV Energy’s customers. Technical Appendix GEN-
9 3 contains detailed negotiated pricing information related to the specific components of the
10 contracts with General Electric for the Silverhawk Peaking Plant. Disclosure of this confidential
11 information would reveal the Companies’ cost expectations for equipment and installation
12 allowing future bidders to submit less competitive offers, which will in turn result in higher costs
13 to NV Energy’s customers. Table GEN-4 of the Generation Section of the Narrative, and
14 corresponding narrative, similarly reflects this confidential pricing information. Table GEN-7 of
15 the Generation Section of the Narrative contains corresponding pricing information for the
16 Northern Peaking Plan, which is not requested for approval in this Joint Application.

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18 confidential information. Technical Appendices REN-3c and REN-4c are confidential as they
19 contain the Companies’ due diligence review of the two geothermal PPA projects which, if
20 publicly disclosed, could provide an unfair market advantage to competitors by showing the
21 Companies’ internal analysis of projects. Confidentiality of the Companies’ technical evaluation
22 of projects is essential to future successful negotiations and competitive solicitations to obtain the
23 best value on behalf of the Companies’ customers. Technical Appendix REN-5 contains project
24 pricing information that, if made public, would impair the Companies’ ability to negotiate the best
25 pricing for Valmy BESS. Technical Appendix REN-6 provides the results of a competitive
26 solicitation for BESS equipment in this filing which were shared under the condition of
27 confidentiality. Disclosure of confidential cost and bid information contained in Technical
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1 Appendices REN-5 and REN-6 could negatively impact the Companies' ability to obtain
2 competitive offers from bidders in the future and deliver the best value to the Companies'
3 customers.

4 Subsection D, Origination/Renewable Energy, of the Renewables Section of the Narrative
5 contains confidential information. Specifically, the Site Due Diligence discussion within the
6 Valmy BESS portion of the Narrative contains the Companies' internal analysis of future potential
7 sites in southern Nevada suitable for large BESS projects. The Companies are not seeking approval
8 to purchase or lease these plots of land with this Joint Application. Public disclosure of this
9 information could negatively impact the Companies' negotiating position and deliver the best
10 value to the Companies' customers.

11 **Economic Analysis.** Technical Appendices ECON-3, ECON-6 and ECON-11 contain
12 confidential information. Technical Appendix ECON-3 contains unit-specific cost data, which is
13 market sensitive data, of each of the Companies' generators. Costs specific to each generator are
14 commercially-sensitive information. Disclosure of such information could put the Companies at a
15 competitive disadvantage. Technical Appendices ECON-6 and ECON-11 contain sensitive
16 projected capital cost information related to future resources. Public disclosure could harm the
17 Companies' ability to negotiate the best priced contracts moving forward and would put the
18 Companies at a competitive disadvantage.

19 **Financial Plan.** Certain figures in the Financial Plan of the Narrative are confidential.
20 Specifically, Figures FP-3 and FP-4 in the External Financing Requirements section of the
21 Financial Plan and Figures FP-11 through FP-18 in the Credit Quality section of the Financial Plan
22 should be treated as confidential. Sierra's and Nevada Power's debt is publicly traded, and the
23 information identified in the figures above has not been previously disclosed to the public. Public
24 disclosure of this information could influence investor's view of the underlying credit quality of
25 and debt pricing for the Companies. The portion of Mr. Cole's testimony presenting the
26 Companies' credit metrics is similarly confidential.

1 Pursuant to NAC § 703.5274(1), one unredacted copy of the confidential information will
2 be filed with the Commission’s Secretary in a separate envelope stamped “confidential.” Redacted
3 versions of confidential information will be submitted for processing and posting onto the
4 Commission’s public website.

5 Pursuant to NAC § 703.5274(2), the Companies hereby request that the above-described
6 information not be disclosed to the public. The Companies request that this information remain
7 confidential for a period of five years after which the information may be destroyed or returned.
8 Confidential treatment of the above-described information will not impair the ability of the
9 Regulatory Operations Staff or the Bureau of Consumer Protection to fully investigate the
10 Companies’ proposals.

11 **VI.**

12 **REQUEST FOR DEVIATION**

13 The Valmy BESS project is eligible for tax credits under the new IRA. The IRA provides
14 ITC for the battery storage projects and allows the Companies to pass through to the customer the
15 full benefit of those credits by opting out of normalization. The Companies intend to opt out of the
16 ITC normalization for the Valmy BESS and Reid Gardner BESS projects.⁴ The Companies are
17 requesting a waiver of NAC § 704.6546, use of separate-entity method by utility members of
18 consolidated group, to take full advantage of those benefits. The Companies are submitting the
19 deviation request pursuant to NAC § 704.0097. Specifically, NAC § 704.6546 provides:

- 20 1. For the purpose of rate making, generally, any timing
21 difference, excluding that associated with items previously flowed
22 through, must be normalized at the applicable current corporate
23 income tax rate.
24 2. Any item of deferred income tax that is generated and
25 associated with items of rate base must be included in the
26 calculation of rate base, including, without limitation, any income
27 tax gross up amounts required by NAC 704.6532.

28

⁴ The Reid Gardner BESS project was previously approved in Docket No. 22-03024, July 13, 2022, Order at 4-5.

1 3. Any item of deferred income tax that is generated and
2 associated with items of non-rate-base items must be excluded from
3 rate base.

4 With normalization, ITC is recaptured onto the books of the company and amortized as a reduction
5 of income tax expense over the book life of the underlying asset. There is no adjustment to rate
6 base. Without normalization, rate base is adjusted for any amount of credits both generated and
7 utilized by the Companies.

8 However, if the Companies continue to use the separate-entity method, as required by NAC
9 § 704.6546, they will not be able to monetize the tax benefits when they are generated. Instead,
10 they will have tax credit carryforward balances that will take years to utilize. The Companies will
11 not be able to monetize the tax benefits immediately because each utility must generate enough
12 taxable income on its own to absorb the tax depreciation and credits generated each year. Since
13 the benefits are substantial, it will take several years to fully utilize all the tax benefits.
14 Furthermore, the unused tax credit carryforward balances will be recorded on the balance sheet as
15 a deferred tax asset and will be included in rate base. This rate base increase will increase revenue
16 requirement. For Sierra, the impact is a higher rate base of approximately \$180 million for the
17 Valmy BESS with the cost of \$466 million. For Nevada Power, the rate base impact is
18 proportionately similar based on the \$257 million Reid Gardner BESS cost.

19 If granted the waiver of NAC § 704.6546, the full benefit of the ITC credits generated will
20 reduce rate base and benefit the customers through lower rates. Accordingly, the deviation from
21 NAC § 704.6546 is for good cause and is in the public interest. The deviation would not be contrary
22 to statute.

