1805 N. Carson St., #231

Carson City, NV 89701

February 16, 2018

Public Utilities Commission of Nevada

1150 East William Street

Carson City, NV 89701

Re: Closing Comments—Docket 17-10001

To Whom It May Concern:

1. **Major Omitted Element from the Workshops and Written Submissions**

It is more than disappointing that the key issue needing resolution for Nevadans has been ignored by each and every one of the in-state and out-of-state consultants, legal counsel and sales entities interested in blithely implementing the so-called energy choice initiative for their pecuniary benefit by pointing to other states’ experiences as their ‘proof’ of lower costs.

The PUCN’s workshop process took on this issue specifically, unlike the Governor’s Committee on Energy Choice and its technical working groups, all of whom lacked staff who could do the necessary research.

Nevada-specific costs should be readily proffered and easy to calculate by those who have been involved with similar initiatives over the last 20 years in other states.

Nowhere in the workshops or the written submissions has this information been comprehensively provided by anyone other than the incumbent electric provider for 90% of Nevadans. For some to dispute the Nevada-specific numbers from NV Energy without offering any of their own and the backup to support them as an alternative is disingenuous and doesn’t help Nevada figure out how to implement this initiative should it pass in November, 2018.

The continuing dilemma of absent cost information from those with the most to gain from energy choice represents a reprise of the net metering issue deliberated by the PUCN in 2015 and 2016. Those proponents also offered no tangible cost information as evidence to dispute the subsidies required of non-participating ratepayers in order to reimburse participants at a retail, not a wholesale rate, but claimed the numbers coming from NV Energy were inaccurate, despite multiple opportunities to make those alternative cost submissions.

This initiative’s implementation **and** severance costs are significant, at roughly $7.5 billion, excluding the carrying costs (i.e., interest) for reimbursement by state ratepayers on the easy- payment plan over a suggested 10-year period. It is prudent to use the higher, not the lower $5 billion number to cover the inevitable contingencies and the prospect that the forced sale of purchased power agreements (PPAs) and generation assets will be at fire-sale/bargain- basement prices, not fair market value.

Spreading only the $7.5 billion (excluding unknown interest costs) over 1.3 million ratepayers means that each and every former NV Energy customer would shoulder $5,384.62 of new expense on top of their monthly electricity usage.

Given the breakout of kilowatt hour charges elements offered at the PUCN’s workshops, only 32.6% of NV Energy’s current Southern Division rate is attributable to generation. In the Northern Division, only 27.5% of the kilowatt hour charges are attributable to generation, leaving a small fraction of the current rates for new entrants to improve upon.

1. **Impartial, Comparative Costs for Electric Service by State**

The litmus test for the competitiveness of current electricity costs can be extrapolated from impartial statistics available through the U.S. Department of Energy’s Energy Information Administration (Attachment A, Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-User Sector), not vague statements about other states made by those entities and their agents who would benefit from new Nevada business revenue.

The most current statistics (November 2017) reflect consistent methodology across all states, territories, plus the District of Columbia, and demonstrate that the ‘All Sectors’ kilowatt hour rate in states that have been repeatedly cited as shining examples of competition are anywhere from 1.8% higher in Texas to 114.7% higher in Connecticut. Again, it is worth observing that some of these states have been working on the choice proposition for 20 years and their rates are still higher, substantially so in most cases, than the current Nevada rates. This reality begs the question: How much lower can Nevada’s electric rates go in a competitive marketplace when costs can’t be waived away with a magic wand by a legislative body, regulators or companies who must make a profit and cover their operating expenses after folding in new layers of expense?

If Nevada is creating a constitutional right, not just in choice and competition, but an “entitlement to lower electricity costs” (See Section 3 of the actual initiative language), then lowering costs seems an impossible feat given at least $7.5 billion of new expenses for Nevadans.

1. **Constitutional Rights for All Nevadans. . .Not Possible**

While the initiative’s legal language creates an express right for each and every Nevadan of electric choice and lower costs, there are four groups of Nevadans who will not necessarily have the benefit of these rights:

1. Residents of 143 mobile home parks statewide where the landlord chooses and controls the electricity supplier and re-bills the tenants, i.e., master-metered parks;
2. Roughly 7,000 current NV Energy customers who pay a surcharge to retain analog meters because of unresolved health, safety and privacy concerns;
3. 75,000 municipal and rural electric cooperative customers where prospective reduction of the relatively small customer base (if competitors are willing to service the area at all) would place these entities in economic peril and likely raise rates for those who remain; and,
4. An unknown number of multi-family dwellings, typically older buildings, where there is one electric meter for all the units (a master-meter situation) and re-wiring and re-metering to each dwelling unit would be a costly, new undertaking ultimately borne by the tenants paying rent.

How do those Nevadans waive their constitutional rights, unlike the handful of other U.S. jurisdictions that universally created their versions of electricity competition exclusively via legislation? Will each person be forced to sign a waiver form as a condition of remaining a resident/customer or receiving electric service at all? That is one solution, although waiving one’s constitutional rights to choice and lower cost without a viable alternative (Consider the *Miranda* warning in criminal arrests where the option is to say nothing vs. incriminating one’s self before consulting with an attorney.) poses significant legal problems our court system could be litigating for some time and at considerable new expense to Nevada ratepayers and taxpayers.

1. **Customers’ Willingness to Pay Extra for Renewable Electricity and/or Competitive Electricity Providers**

In poll after poll, a majority of electricity customers are in favor of renewable energy, until they learn that there is a higher cost. A miniscule number of customers have been voluntarily willing to pay a monthly surcharge for renewable energy at virtually any electric utility provider around the United States one chooses to reference.

In 2016, Washington state’s general election ballot contained Initiative 732 (Attachment B). It proposed imposing a carbon emission tax of $15 per metric ton which would ultimately rise to $100 per metric ton. Even though other provisions of the initiative claimed to lower other taxes as an initial offset, the reality of an eventual 667% carbon emission tax increase met with a resistant electorate. Despite Washington state’s much more environmentally-focused public policy choices and electorate vs. Nevada’s, this initiative was defeated by 59% of the voters.

When voters and electric ratepayers are given a clear choice of paying more or paying less, they choose the latter, not the former option, despite claims of wanting renewable energy, even in low-cost, hydroelectric-rich Washington state.

1. **Rescuing California’s Wholesale Electric Market (CAISO) is not Nevadans’ Responsibility**

California’s inability to connect out-of-state electricity grids into its system (Pacific Power is the obvious example.) because it refuses to cede any control over its internal grid operations to non-Californians has spanned several legislative sessions.

Effectively, any piece of California’s infrastructure (highways, levees, dams, bridges, electricity, natural gas lines and storage, water supply and distribution systems, sewer systems, et al) one chooses to review is a disaster heaped upon a catastrophe of mismanagement, bad or non- existent long-term planning, enormous deferred maintenance, huge cost overruns, and bloated, expensive administrative staffing levels. Why would Nevada want to further connect with such abject failures?

CAISO has a large bureaucracy to support numbering some 599 FTEs and an expensive, opulent headquarters building in Folsom, which it would expect Nevada ratepayers to cover with payments. It reported a year-end 2017 operating loss of $6.9 million just a few days ago, which its spokesman dismissed as “merely an accounting outcome.” It requires collateral from its California participants to support its aggregate liabilities at a ratio of 6.46 to 1.

Who puts up Nevada’s share of the collateral if it was to participate? No one from CAISO who participated in the workshops brought this point up or offered a solution or answer specific to Nevada.

California needs Nevada to accept more of its increasing supply of peak renewable energy it cannot use without causing grid stability problems. California would be a poor candidate for receiving exported renewable energy from Nevada given its current commitment to 50% renewable electricity, and desire to double down on their peak production problem and move to 100% renewable energy.

The disagreements among CAISO’s members have nakedly surfaced as CAISO has recently increased its reliance on reliability-must-run (RMRs) and capacity procurement mechanism (CPM) programs. This overreliance has caused a rift with owners of other generating resources, especially renewable energy, who are being frequently bypassed in favor of fossil fuel generation to attempt the stabilization of a very unstable California electric grid at times of peak demand or when cloud cover precipitously drops renewable energy production.

(See [http://www.caiso.com/DocumentsIssuePaperandStrawProposal- ReviewReliabilityMustRunand CapacityProcurementMechanism.pdf](http://www.caiso.com/DocumentsIssuePaperandStrawProposal-%20%20%20%20%09ReviewReliabilityMustRunand%20CapacityProcurementMechanism.pdf))

If Nevada pursues alignment with other RTOs/ISOs, the obvious candidate is Arizona, not California, even if more transmission capacity must be constructed. Nevada would need more transmission capacity under the ill-advised CAISO connection, too. Existing transmission lines have no greater capacity to supplement Nevada’s demand should some or all of the existing Nevada conventional, fossil-fuel generation stations close under divestiture. This is another new cost for which none of the subject-matter experts from CAISO have offered any Nevada costing information.

Conclusion: All told, those adamantly advocating for this change to Nevada’s constitution failed in their mission to provide Nevada-specific costing at each juncture of the Governor’s Committee and its sub-bodies, as well as at the PUCN workshops. Self-described subject-matter experts who are veterans of previous implementations should have the experience and knowledge to tell Nevada about its prospective costs. Such information would have propelled the discussion into constructive directions on how costs would actually decline if the initiative is successful or how they could be reduced. Nevadans had a prime opportunity to reveal and discuss competing cost information and it has now been lost.

Sincerely,

Fred Voltz

Attachments (2)