

NSHE ENERGY POLICY



BOARD OF REGENTS
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NSHE energy usage by institution (north)

2018 Kilowatts (kWh)

SIERRA PACIFIC POWER

- University of Nevada, Reno = 67,334,205
- Truckee Meadows Community College = 8,123,157
- Desert Research Institute (Reno) = 5,868,275
- Great Basin College = 3,049,544
- Western Nevada College = 2,559,403
- NSHE Administration (Reno) = 100,229

Total = 87,034,813 kWh

NSHE energy usage by institution (south)

2018 Kilowatts (kWh)

NEVADA POWER

- University of Nevada, Las Vegas = 92,131,271
- College Southern Nevada = 17,656,558
- Nevada State College = 3,181,925
- Desert Research Institute (Las Vegas) = 1,658,871
- NSHE Administration (Las Vegas) = 181,453

Total = 114,810,078

Energy options for NSHE

1. NRS Chapter 704B petition to “exit” NV Energy bundled service.

or

2. NV Optional Pricing Program Rate (OPPR), *i.e.*, NGR 2.0.

. . . or maintain the *status quo*.

704B “exit applications” are unique to Nevada

- First application was before PUCN from Barrick Gold.
- Originally intended to ease the load on the grid to help Nevadans.
- Only in recent years used for other motives, such as to obtain renewable sources of electricity.

704B threshold criteria

NRS 704B.080: “Eligible customer” means . . .

2. A governmental entity, including, without limitation, a governmental entity providing educational or health care services, that:

(a) Performs its functions using one or more facilities which are operated **under a common budget and common control**; and

(b) Has an **average annual load of 1 megawatt or more** in the service territory of an electric utility.

Importance of public interest

NRS 704B.310(7)(b): If the Public Utilities Commission of Nevada approves the application of the eligible customer . . .

(b) The Commission shall order such terms, conditions and payments as the Commission deems necessary and appropriate to ensure that the proposed transaction **will not be contrary to the public interest.**

Such terms, conditions, and payments:

(1) **Must be fair and nondiscriminatory as between the eligible customer and the remaining customers of the electric utility.**

Entities filing 704B applications

- Station Casinos
- Fulcrum Sierra biofuels
- Atlantis Casino Resort Spa (recently pulled application)
- Las Vegas Stadium Events (Raiders)
- Georgia Pacific Gypsum
- MSG Sphere Las Vegas
- Boyd Gaming
- South Point
- SLS Las Vegas
- Grand Sierra Resort (recently pulled application)

Source: Atlantis withdraw exit application from NV Energy, will stay utility customer, Nevada Independent, Riley Snyder (April 30, 2019), and Companies leaving NV Energy could affect remaining customers, Las Vegas Review Journal, Bailey Schultz (January 26, 2019).

Examples of 704B impact “exit” fees

- MGM: \$87 million
- Caesars: \$48 million
- Wynn: \$16 million
- Peppermill: \$3 million
- Google: nothing

Things to consider

- **Legal proceedings:** Filing a petition to exit pursuant to NRS Chapter 704B will result in legal proceedings before the PUCN.
- **Possibly costly/time consuming:** Administrative proceedings will require, at a minimum, hearing(s) before the PUCN, as well as the opportunity for intervening parties, such as the PUCN Regulatory Operations Staff and NV Energy. Legal appeals are possible.
- **Additional Staff:** NSHE would likely need to hire an energy manager and/or have institutions perform additional work.
- **Impact fee:** NSHE would be required to pay an impact fee to leave.
- **Open market:** Energy markets are subject to volatility, including natural disasters and economic pressures.

Questions?