

**MINUTES OF THE
SENATE COMMITTEE ON COMMERCE AND LABOR**

**Seventy-third Session
February 16, 2005**

The Senate Committee on Commerce and Labor was called to order by Chair Randolph J. Townsend at 7:04 a.m. on Wednesday, February 16, 2005, in Room 2135 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Randolph J. Townsend, Chair
Senator Warren B. Hardy II, Vice Chair
Senator Sandra Tiffany
Senator Joe Heck
Senator Michael Schneider
Senator Maggie Carlton
Senator John Lee

GUEST LEGISLATORS PRESENT:

Senator Dina Titus, Clark County Senatorial District No. 7

STAFF MEMBERS PRESENT:

Shirley Parks, Committee Secretary
Kevin Powers, Committee Counsel
Scott Young, Committee Policy Analyst
Donna Winter, Committee Secretary

OTHERS PRESENT:

Mark Russell, Nevada Renewable Energy and Energy Conservation Task Force
Richard E. Burdette, Energy Advisor, Office of the Governor
Rebecca Wagner, Public Information Officer, Public Utilities Commission of Nevada

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Donald A. Points, Director, Finance and Strategic Planning, Solargenix Energy, LLC
Judy Stokey, Director, Government Affairs, Nevada Power Company, Sierra Pacific Power Company
Gary Porter, Program Manager, Renewables, Sierra Pacific Power Company, Nevada Power Company
Jon B. Wellinghoff, Attorney, Power Light Corporation; Freus Corporation
Gary D. Wayne, Power Light Corporation
Robert M. Balzar, P.E., Director, Energy Efficiency and Conservation Department, Nevada Power Company, Sierra Pacific Power Company
Nancy K. Ford, Administrator, Welfare Division, Department of Human Resources
E. Joe Cain, Community Services Agency Development Corporation
Bob Cooper, Senior Regulatory Analyst, Bureau of Consumer Protection, Office of the Attorney General
Suzanne Johnson
Tim Carlson, Managing Partner, Nevada Wind, LLC
Daniel N. Schochet, Vice President, Ormat Nevada Incorporated
Fred J. Schmidt, Ormat Nevada Incorporated; Southern Nevada Water Authority
Garry Bowen, Principal, Markettexture on behalf of Sierra Green Building Association; Sunrise Sustainable Resources Group

CHAIR TOWNSEND:

Mark Russell of the Nevada Renewable Energy and Energy Conservation Task Force will speak first from the renewable portfolio standard (RPS) recommendations from the project.

MARK RUSSELL (Nevada Renewable Energy and Energy Conservation Task Force):
I would first like to make a brief statement from an earlier committee. The Task Force fully supports the Solar Hot Water Pilot Program (SWAPP).

CHAIR TOWNSEND:

I appreciate you clearing that up because many of us have received calls from a number of folks including the sponsor of the bill.

MR. RUSSELL:

The findings and recommendations of the RPS I will be discussing are in the Annual Report to the Nevada Legislature and the Governor of the State of Nevada, Volume I, dated January 30, 2005 ([Exhibit C](#), original submitted in

Senate Committee on Commerce and Labor minutes dated February 8, 2005; as [Exhibit D](#), original is on file in the Research Library). The Task Force held a workshop in Reno on November 4, 2004, to take a look at what could be done to enhance the utility's expertise to meet the RPS. The results of the workshop can be found in the [Exhibit C](#), Volume III, page 1. I will discuss the two recommendations that the Task Force agreed on that will benefit the utilities in moving forward to meet the RPS. The first recommendation is alternative compliance mechanisms. The use of the funds is more focused. Those states that have set up these programs have set aside funds in which the funds go to underwrite renewable projects. Therefore, the payments for not meeting RPS then become a source of revenue for utilities and stakeholders in the renewable area to possibly use to jump-start their programs. This is a more positive direction on either request for waiver or getting away from the notion of a strict penalty for failure to meet the RPS. An incentive could be used for the utilities of the stakeholders to meet their goals. The second recommendation is how to improve the solicitation process. This issue falls on both the utilities and the stakeholders that are being prepared to move forward with projects. The stakeholders can submit applications that address the request for portfolios (RFPs) that are put out by the utilities to obtain contracts to satisfy the RPS obligations. The length of time the process takes and certain financial aspects as regards to utility's balance sheet has caused a slowdown or difficulties in getting projects in the ground.

I will now discuss the Temporary Renewable Energy Development Trust. This trust permits bifurcation or segregation of funds that are received from ratepayers and others for renewable energy. We hope the Trust will assist in the area of processing the financial terms of renewable energy contracts. In closing, the Task Force will make improvements in the solicitation process. Each contract that is approved will have a primary list and a backup list of providers. Therefore, if a project is delayed, there will be resources to keep the project on track.

CHAIR TOWNSEND:

I would like both the Public Utilities Commission of Nevada (PUCN) and the Bureau of Consumer Protection (BCP) present when Mr. Burdette gives his presentation on the Trust financing. Mr. Burdette will also be addressing legislation that could allow the PUCN to address risk in the terms of financing. What prevents the PUCN from addressing risk?

RICHARD E. BURDETTE (Energy Advisor, Office of the Governor):

A great deal of risk was put on the utilities in the writing of the regulations. The utilities face penalties if they do not get their projects in the ground. The penalties are paid by the stockholders, not the ratepayers. The utilities in their contracting process shift all of the risk to the developers. The developers then try to shift the risk to the contractors and lenders.

CHAIR TOWNSEND:

Do you have legislation that will allow the PUCN to address the risk? What do we need to do statutorily that will allow the PUCN to draft the kind of rate necessary to address the problems companies face financially?

MR. BURDETTE:

I do not have legislation on that now. The ratepayers should take some of the risk from the utilities. Going through this process will require a change in the PUCN regulation which may require action by this Committee. This is a fundamental policy issue.

CHAIR TOWNSEND:

What do you see, Ms. Wagner, that is in the way statutorily to shift the risks? Do you have any idea what kind of legislation would be needed to do this?

REBECCA WAGNER (Public Information Officer, Public Utilities Commission of Nevada):

I am not aware of what would be involved. I will take the matter back to the chairman.

CHAIR TOWNSEND:

The issue needs to be resolved. Solargenix Energy, in your presentation, addresses only the obstacles that are in the way of success relative to RPS and contract proposal.

DONALD A. POINTS (Director, Finance and Strategic Planning, Solargenix Energy, LLC):

Solargenix Energy is a developer of solar power generation facilities. We are contemplating a 50-megawatt project in Boulder City. The handout Solar Thermal Power Generation ([Exhibit D](#)) outlines this project. This facility will produce 102,000 megawatt hours annually. The problems we have experienced have been finance-related. Adoption of the Trust has put the finance problems

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behind us. I agree with Mr. Burdette that all penalties with this project have been shifted to our company. Solargenix Energy has had to shift those penalties to our contractors and lenders. There is a potential for a penalty if the project is delayed in some fashion or not produced as contemplated.

CHAIR TOWNSEND:

When did you take the signed agreement with Nevada Power Company to the PUCN for approval? Do you know what date the company was supposed to perform under the contract?

MR. POINTS:

The PUCN approval was given in March 2003. Power was supposed to be produced by March 2005. Solargenix Energy will not meet this date because of not being able to obtain financing.

CHAIR TOWNSEND:

The company is in violation. Will penalties be assessed against your company?

MR. POINTS:

Yes, but we hope to get those waived. My concern is the potential for incurring penalties once construction on the project has begun.

SENATOR LEE:

Are you complaining about liquidated damages because of rain days or other delays that have not yet been applied?

MR. POINTS:

No sir, I am not complaining. I thought I was asked to give suggestions on what might be impediments to the development of the project. In construction, anytime you move risk to the other party and they perceive that risk, they will adjust their price to charge for that risk.

SENATOR LEE:

If financing is the problem with your project, address the finance issue. Do not blame the contractors until there is a problem with them. If you do the job right, rewards will be shifted to you also.

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MR. POINTS:

Our financing is in place. The company is in discussion with utilities to provide new milestones in our contract to determine where we are now in the construction process. Our participation in the Trust was approved on December 28, 2004. A revised prior purchase agreement will be submitted to the PUCN soon. After approval from the PUCN, finance will close and construction will start.

CHAIR TOWNSEND:

A contract was signed with Nevada Power in late 2002. The requirement under this contract was to provide a line of credit by midyear 2003, to prove that the company was financially able to complete this project.

MR. POINTS:

A letter of credit has been done. An agreement to provide a portion of a line of credit has been provided also.

MS. WAGNER:

The letter of credit had to go to the utilities. They have fulfilled their obligations to the best of my knowledge.

JUDY STOKEY (Director, Government Affairs, Nevada Power Company, Sierra Pacific Power Company):

Solargenix Energy's account and all other renewable developments are being handled by Gary Porter.

GARY PORTER (Program Manager, Renewables, Sierra Pacific Power Company, Nevada Power Company):

The original letter of credit was to be \$5 million. In discussing their difficulties in financing, we agreed to a reduced portion of \$500,000 for their letter of credit. Solargenix Energy has provided the letter of credit but the remainder will be due upon attaining their financing.

CHAIR TOWNSEND:

Mr. Burdette put in an incredible amount of time and effort to come up with the Trust. The RPS was problematic for the company because of the financial state at the time the policy was set by legislation. It has been moving in the right direction. Did someone else bid on this project and have the same problems Sierra Pacific Resources had with financing?

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MS. WAGNER:

The PUCN cannot make the company meet the criteria set by the Trust.

CHAIR TOWNSEND:

I do not want the consumers at risk. When will Solargenix Energy be ready to perform?

MR. POINTS:

The last thing necessary for us to move forward is to determine the final milestone dates on the contract and submit it to the PUCN for approval. It is a 60- to 90-day process to actually close the loan and start construction. The project will take 18 to 20 months.

CHAIR TOWNSEND:

This project needs to move forward. The PUCN needs more flexibility to find ways that work better for the company. We have to get serious.

JON B. WELLINGHOFF (Attorney, Power Light Corporation; Freus Corporation):

I agree with the Task Force recommendation to incorporate energy efficiency into the new RPS. This would provide the type of flexibility the utilities need and benefit the consumer. The utilities have good conservation programs now but initiating a bidding process would encourage the utilities to incorporate energy efficiency into their process of bringing power into the State. The way to make this work would be through the RPS.

SENATOR SCHNEIDER:

The Freus air conditioner is for residential use. What is the cost compared to a traditional air conditioner and how much does it save on a power bill?

MR. WELLINGHOFF:

My home is 3,000 square feet and the power bill was reduced from \$300 to \$160 per month in the peak season. The initial cost of the air conditioner is more than a traditional one but a user can get additional money from the utility company to offset the difference. The utility company must be informed it is cheaper for them to pay the ratepayer for part of their peak savings over a 20-year period than it is for the utility to buy peak energy.

SENATOR CARLTON:

Would the other customers be subsidizing that as ratepayers?

MR. WELLINGHOFF:

The ratepayer is paying money to the companies installing the air conditioners for someone else or for themselves instead of the ratepayer paying money to the utility to pay a large power marketer to provide peak energy. It will cost less to the ratepayer than if Nevada Power was paying for peak energy.

SENATOR CARLTON:

If a business decides to invest, is not that usually a shareholders' decision? Ratepayers in my district do not use their air conditioners during the peak months because the power bill is very high. These ratepayers will now be subsidizing new houses.

MR. WELLINGHOFF:

Utilities make both capital investments and expense payments. Purchased power is an expense payment. The ratepayer will be paying a company that will be giving jobs to people in Nevada. Nevada's power will be coming from within the State not out of state. Therefore, we all save money in the long run.

GARY WAYNE (Director, Strategic Project, Power Light Corporation):

Power Light is a leading builder of utility-scale solar systems in the world. I have provided photographs of eight typical systems that we have built in the United States and Bavaria ([Exhibit E](#), original is on file at the Research Library). We have the capacity of completing ten megawatts online in six months. Nevada has the most progressive, comprehensive and coherent set of renewable energy policies in the United States. I agree with Mr. Russell on the oversolicitation process for projects. Allowing the utilities to quickly process parallel proposals could help them easily meet the standards if given the chance.

CHAIR TOWNSEND:

Is the PUCN supportive of oversubscription?

MS. WAGNER:

The PUCN understands the concept and wants to get the project in the ground as much as the State does. If it is a large-scale project, it would wreak havoc with our resource planning process. Another issue is the projects on the back burner. What would happen to the efficiency gains and new technology? The utilities would have to comment on this.

ROBERT M. BALZAR, P.E. (Director, Energy Efficiency and Conservation Department, Nevada Power Company, Sierra Pacific Power Company):
I am a member of the Task Force. Companies agree oversubscription is an appropriate process. There is some cost involved with bringing a project on a few years earlier but it is not a problem. These costs could be worked through with the PUCN and regulators.

CHAIR TOWNSEND:

I appreciate your work with the Task Force. At the next meeting we need to get the details for oversubscription.

MR. WAYNE:

The project we proposed is big enough by itself to fulfill the entire 2005 solar requirements. The solar photovoltaic (PV) technology is a modular technology. We would have no difficulty scaling it back greatly to achieve all aims. We have negotiated a contract with the company. We could rapidly agree to a contract very similar to the existing one. There would be the option to fulfill the entire requirement should the other contract not materialize and at the same time a lesser amount could be available to help with future requirements. It would take us 12 months from PUCN approval to put the entire project online. I disagree that the vendors should not take the risk. The solar industry is mature enough and should be treated as a responsible party and should accept the risk of performance.

SENATOR LEE:

It seems there is reluctance on the part of the power company to get involved and encourage solar power due to the cost. The consumer and shareholder have to shoulder the cost. Is there a lack of contractors to do the work? What are we trying to do with this issue?

CHAIR TOWNSEND:

The Legislature and Governor agreed on a public policy regarding the RPS to be set at certain levels over the next 15 years and these levels increase. There would be a certain assumption that those who made bids to a power company could take those contracts that the power company signed to the financial market and get financed instantly. The reality is at that earlier time the power company was going through financial struggles. The contracts were not honored as quickly as we thought. The Trust has been very helpful. The solar

field's maturity is also allowing contracts to meet the state requirements of RPS.

SENATOR LEE:

It seems government is trying to drive this instead of industry doing its part. We need leadership from the PUCN.

CHAIR TOWNSEND:

Ms. Wagner cannot express the feelings of the PUCN without its authority. We will ask the chairman to come back and give the Committee insight on the PUCN. We will open the hearing on Senate Bill (S.B.) 51.

SENATE BILL 51: Establishes pilot project to provide solar hot water heating systems for certain low-income households. (BDR 58-788)

SENATOR DINA TITUS (Clark County Senatorial District No. 7):

The Welfare Division accumulated a \$14.5 million surplus for its portion of the low-income energy assistance program. Part of this surplus is to be transferred to the weatherization project. Senate Bill 51 would authorize this transfer. The \$1.5 million surplus would go to the Housing Division for creation of a Solar (Hot) Water Pilot Project (SWAPP) for households that are eligible to participate in the assistance program. A brief summary of SWAPP and residential solar heating collectors (Exhibit F) will explain it. The eligible household would be a family of four making less than \$2,356 per month. The Housing Division would be able to establish a SWAPP to assist low-income households and provide 50 percent of the cost of acquiring and installing the system. The public or municipal utility which provides service to the household agrees to provide the money and service to cover the remaining cost and will receive renewable energy credit (REC) as determined by the PUCN for contributing to the program. This program matches available resources to ongoing needs and leverages cost-effective technology that will achieve a high rate of return on investment. Under the existing program, low-income households get assistance in paying their power bills. The need for that assistance goes on so the problem is not solved. This program would reduce the need by lowering the bill through efficient energy use over time. The solar heaters could provide 80 percent of the hot water a household would need. The cost of the installation could be recouped through lower power bills within four years. When the power bills are lowered, the household benefits, the program needs less money, the utility

company gets credit, jobs are created, manufacturing of solar products are stimulated and the environment is better protected by using solar energy.

SENATOR SCHNEIDER:

Most low-income households are tenants. Could SWAPP be put on a landlord's property?

SENATOR TITUS:

The weatherization project could address that. There are people who would qualify for SWAPP who live in rental properties. Maybe SWAPP could be made available for tenants.

SENATOR SCHNEIDER:

The landlord would not care, if it enhances their property. If the tenant moves, would the product go with the tenant or stay with the landlord?

SENATOR TITUS:

When the tenant moves, the replacement will be in the same income bracket; thus, if the product stays with the landlord, the program still reaps the benefits. If the program helps to bring down the power rates, everyone benefits in the long run.

SENATOR CARLTON:

Who decided on the monthly income level?

SENATOR TITUS:

The Welfare Division decided on those figures when the program was first created. They are standard definitions of poverty.

SENATOR CARLTON:

That number seems rather low. If we adjust that number, we could reach more single-family households. The Welfare Division will get back to me on the numbers for the median income, that is, 150 percent of the poverty level income. How do we decide those are the appropriate numbers?

KEVIN POWERS:

The selection establishing the minimum requirements for an eligible household is not in the bill. But as Senator Titus mentioned, it was part of the original bill from the 2001 Session. It has been codified

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in NRS 702.270 and it sets the eligibility requirement at 150 percent of the federally designated level signifying poverty as determined [by] the Housing Division.

SENATOR CARLTON:

That is something we want to look at in trying to adjust these numbers.

CHAIR TOWNSEND:

The two questions that came up are legitimate. We need answers from the Welfare Division.

NANCY K. FORD (Administrator, Welfare Division, Department of Human Resources):

The 60 percent of median is higher than the 150 percent of the poverty measurement. This goes according to family size, so depending on family size, the income varies. The 150 percent of poverty level is set forth in the statute for both the energy assistance program that I administer and for the weatherization program that Housing administers.

CHAIR TOWNSEND:

What percentage of the people represented by these numbers are actual homeowners?

MS. FORD:

I did not bring the demographics but I believe the majority are homeowners.

SENATOR TIFFANY:

What is the standard poverty level for Temporary Assistance for Needy Families (TANF) or Medicaid? Does the 150 percent of poverty cover everyone in your population?

MS. FORD:

The poverty level varies with the program. Food stamps are 130 percent of poverty, children's health insurance program is 133 percent of poverty and TANF is 147 percent of poverty. The 150 percent of poverty or 60 percent of median was chosen because the old, low-income home energy assistance program was set by the federal government.

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SENATOR TIFFANY:

Does Nevada Power work with the customer, no matter their income level, when nonpayment of a bill occurs?

MS. FORD:

Nevada Power does work with the customer to resolve nonpayment of bills. They will refer the customer to the program if necessary. The program's benefit is annual and the check would be written to the utility company to credit their account.

CHAIR TOWNSEND:

The most important issue in this bill is the REC. Does anyone else want to testify on S.B. 51?

E. JOE CAIN (Community Services Agency Development Corporation):

My client administers home-improvement and weatherization programs in Washoe County. Most of their dealings are with low-income households. The concerns that we have on S.B. 51 are the function and reliability of these solar hot water systems.

CHAIR TOWNSEND:

The Housing Division is in charge of hiring and maintaining the individuals who will be installing these units in households. Mr. Horsey with the Housing Division can answer any of your questions about these issues.

BOB COOPER (Senior Regulatory Advisor, Bureau of Consumer Protection, Office of the Attorney General):

Part of this bill parallels A.B. No. 431 of the 72nd Session in terms of the leveraging of REC. The utility needs solar RECs. Solar hot water heater systems generate a lot of these credits. This leverages the utility need for those credits with a rebate. The utility involvement also provides some of the maintenance oversight over the long term which is very good. Ms. Johnson, who has solar hot water heating in her home, will give a presentation today.

MS. FORD:

I am proposing a technical amendment ([Exhibit G](#)). This amendment applies to section 7 of S.B. 51. Currently, there is \$14 million carryforward in the fund, but by the end of 2007 there will only be \$1.7 million. The Housing Division of the Department of Business and Industry receives 6 percent of 25 percent of

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the fund. The Welfare Division receives 3 percent of 75 percent of the fund. The PUCN receives 3 percent of the total fund.

MR. RUSSELL:

The Task Force supports this program. The confusion I created at an earlier meeting was based on the financial inquiries to make sure there are resources available to appropriate for the program.

CHAIR TOWNSEND:

We will close the hearing on S.B. 51.

SUZANNE JOHNSON:

I will be presenting my real-life experiences with designing an energy- and resource-efficient residence in Nevada ([Exhibit H](#)).

CHAIR TOWNSEND:

It is a pleasure having you here and the Committee will look forward to a tour of your home.

SENATOR HARDY:

Thank you for being a pioneer in this field. Are you eligible for any grants or subsidies since you moved forward with this?

Ms. JOHNSON:

The State has two options available. I could accept a buy-down from the power company, which I did with my home in California. The second choice, which has more potential in this state, is the REC system. I have held off my enrollment in this program at this time. I do want to sign up for the REC system in the near future. Conservatively, my house, between the two forms of heat, will generate about 50,000 RECs a year. I will also be a pioneer in figuring out how to trade in those RECs.

TIM CARLSON (Managing Partner, Nevada Wind, LLC):

My presentation ([Exhibit I](#)) will be discussing wind development in Nevada.

SENATOR CARLSON:

How much wind-transmission-generated energy will be leaving the state?

MR. CARLSON:

The energy generated from the 50-megawatt contract goes to the northern utilities, Sierra Pacific. The 800 megawatts that will be generated from three contracts, currently in negotiations, will be distributed as follows: 20 percent to the north, 25 percent would stay in State and the remaining 55 percent would go to the southern utilities.

DANIEL N. SCHOCHET (Vice President, Ormat Nevada Incorporated):

I have recently been appointed the geothermal member of the Renewable Energy Task Force. The law of the State and the regulations of the PUCN and the utilities for the Nevada RPS work. The regulators and utilities have worked with Ormat to create a transparent market for geothermal energy and development, unlike California where many of the same issues are being handled in a confrontational manner. Geothermal energy is a mature utility-scale technology and is competitive with today's fossil fuel prices. There are 2,500 megawatts of geothermal power in the United States and 8,000 megawatts worldwide. Nevada is producing 200 megawatts of which 80 megawatts are being sold to Southern California Edison Company and 120 megawatts are being sold to Sierra Pacific Power Company and Nevada Power Company. Ormat owns and operates two major geothermal complexes in the state. In 1984, when we came to Nevada, our geothermal sales were \$1 million per year. Today, among equipment, development and sale of electricity, Ormat is a \$200 million-per-year company, of which \$25 million is the value of electricity sold in Nevada. I believe in Nevada and geothermal energy. One of the two complexes we own is the Steamboat Complex on the west side of U.S. Highway 395 and south of Mount Rose Highway. Ormat purchased the interest of three operating companies. Now we own and operate approximately 50 megawatts with another 2 projects under development with power sale agreements; so we have the ability to develop 75 to 80 megawatts. That complex will supply Sierra Pacific with enough geothermal energy to power all the residential loads in the city of Reno. Our second project produces 20 megawatts in Churchill County at Brady Hot Springs. Ormat has signed three power sale agreements with Sierra Pacific. We were able to obtain financing by combining the strengths of Sierra Pacific with the strengths of some of the California utilities. A number of our projects were bundled together into a bond financing that raised \$190 million in June 2004. Half of these funds will go to finance projects in California and the other half in Nevada. The utility and PUCN were helpful in convincing the financial entities involved that Sierra Pacific was a credit-worthy utility. Nevada has about 40 areas that are

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geothermal and hot spring areas that can be developed over the next 10 years. Identified areas can produce about 400 to 500 megawatts. Unidentified areas can go much higher. The stretch of Interstate 80 from Utah to the California border contains about 200 megawatts of what we generate today and that is only 1 percent of the surface area. I believe with the support of the Legislature and the PUCN, geothermal energy will continue to grow in Nevada.

SENATOR HARDY:

Thank you for your presentation. Are there any questions?

FRED SCHMIDT (Ormat Nevada Incorporated; Southern Nevada Water Authority):

I have worked with Mr. Schochet on many of the contracts he mentioned earlier. In addition to the \$190 million public financing that was done last year, Ormat went public on the New York Stock Exchange last fall and raised another \$130 million for investing in Nevada. There will be a groundbreaking ceremony on March 15, 2005, at the Steamboat Complex facility. The status of Nevada in the energy field was established by A.B. No. 661 of the 72nd Session. This was a tremendous bill for Nevada. Ormat is building significant facilities that power lots of electricity. We have a very good working relationship with the utilities. There are success stories. We do not want you to change the law so that the momentum we have developed over the past four years is affected. In the 72nd Session, I asked the Committee to modify a definition to allow waste heat energy to be added to it. This company is still exploring and trying to develop one of those projects. My other client this session is Southern Nevada Water Authority. They are in the active design phase for building a pressure-reduction station on water pumping facilities in southern Nevada. These facilities will utilize that technology and be able to enter a REC contract later this year with the power companies. The law should stay the same so we can continue to invest in Nevada and build clean, renewable resources. There are many projects in the works for solar investments in southern Nevada. The Las Vegas Springs Preserve Park across from Valley View Boulevard will install solar technology to completely provide the electricity for that museum, facility and parking structure. This facility will use photovoltaic-panel technology. This project and others would not be in existence if not for the renewable portfolio law.

MR. RUSSELL:

I hope the Task Force has served its role in providing an environment where stakeholders, regulators and others who care about renewable energy and energy conservation can come forward and exchange ideas together in

a reasonable manner for presentation to the Committee. The Task Force is currently involved in a workshop on wind transmission. The study should be complete by next month. An amendment to our annual report or a supplement will be filed with this Committee on our recommendations for wind transmission. This is an important issue because much of the installation of renewable energy plants has to be in rural or remote areas. Along with S.B. 51, the tweaking of the RPS and the introduction of other legislation will enhance our ability to meet our portfolio standards.

CHAIR TOWNSEND:

It would be an appropriate recommendation for the Task Force members to pick the right people for a meeting with the staffs of U.S. Senator Reid, U.S. Senator Ensign and our Congressional Delegation staffs. It is important for them to see the role of the federal government in power transmission issues. This would include the topic of transmission, load pockets and the concentration of power generation outside of the concentration of power user areas. The Task Force needs to be alerted to some of the federal impediments that might be removed to the advantage of a state laid out topographically as is Nevada.

MR. RUSSELL:

I will address this in our February 23, 2005, meeting.

GARRY BOWEN (Principal, Markettexture on behalf of Sierra Green Building Association; Sunrise Sustainable Resources Group):

My company, Markettexture, deals with sustainable energy issues, both national and international in scope. I am a founder of Sunrise Sustainable Resources Group which does a lot of fine work. I am a member of the executive committee of The Sierra Green Building Association. We are currently doing some things in Nevada that are concurrent to the work being done by your Committee and the Task Force. Yesterday, Mr. Burdette commented on the C license change for architecture. Ms. Johnson reflected on this in [Exhibit H](#) today. There is an underlying theme in this Committee that a lot of money is left on the table relative to the issue of not building green versus the possible return on the investment.

I want to bring to the Committee's attention a Sustainable Building Expo to be held at the University of Nevada, Reno, College of Engineering in October 2005. Part of this Expo will take place at the Redfield Campus, which Mr. Schochet

referred to as geothermal powered. Yesterday, Mr. Burdette discussed the \$3 billion in energy that is purchased out of state relative to what the cost could be if Nevada was more self-sufficient I believe that is what renewable, sustainable energies are really all about.

A seminar was held in December 2004 at the University of Nevada, Reno. The keynote speaker was in charge of the largest Leadership Energy Environmental Design project in the United States. The United States Green Building Council began 3 years ago with 225 members and now is upwards of 20,000 members which are architectural and engineering firms across the country. A lot of these firms are not in Nevada and that is why Ms. Johnson had problems in this area while building her house.

The first-cost issues in terms of green building in the United States on a commercial level currently number hundreds of millions of square feet. There will be a shift to the residential level now. Both are now negligible and they are only 1 to 2 percent above what a typical building would cost. The more important theme to this Committee is the lifecycle assessment. It boils down to how much does this building actually cost? When dealing with first-cost issues, much of the lifespan of the building is not taken into consideration but now will be under green building principles.

CHAIR TOWNSEND:

The first-cost issue is more important to this Committee. It is one the Nevada State Office of Energy needs to take back to the Governor and the Senate Committee on Finance. The Finance Committee and the Assembly Committee on Ways and Means allocate the Capital Improvement Program (CIP) money. This has never been taken into account as a long-term operational cost. Each agency comes back to Finance and says they are over their energy budget and need more money. Can you help us make that sale?

MR. BOWEN:

My next point is about the role of public works. This is not only about jobs, as represented by Danny Thompson in yesterday's meeting. It is actually about productivity. The keynote speaker at the seminar in December 2004, at the University of Nevada, Reno is in charge of a \$2.1 billion project. This project will comprise 50 buildings in the Los Angeles Community College District which will be built all green, from siding through the energy systems. The most important point filtered through my own experience is that a 2-percent increase

in the productivity of the staff working within that building will pay for the entire building. This number is left out of the equation. Yes, I would be more than happy to explain this further to help you make the sale. In conclusion, the money need not be left on the table, which is a paradigm shift in that it makes more funds available for other societal needs. That is the essence of sustainability versus alternative forms of renewable energies. The foundation for change is the work done by the Task Force, Mr. Burdette, the Senate Committee on Commerce and Labor and me.

CHAIR TOWNSEND:

I will close the hearing on renewable energy issues. We will now consider Bill Draft Request (BDR) 57-226.

BILL DRAFT REQUEST 57-226: Prohibits persons who appoint, employ or contract with producers of insurance from requiring certain noncompetition agreements. (Later introduced as [Senate Bill 74](#).)

SENATOR CARLTON MOVED TO INTRODUCE BDR 57-226.

SENATOR LEE SECONDED THE MOTION.

THE MOTION CARRIED. (SENATOR HARDY AND SENATOR SCHNEIDER WERE ABSENT FOR THE VOTE.)

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CHAIR TOWNSEND:

The meeting of the Senate Committee on Commerce and Labor is officially adjourned at 9:45 a.m.

RESPECTFULLY SUBMITTED:

Donna Winter,
Committee Secretary

APPROVED BY:

Senator Randolph J. Townsend, Chair

DATE: _____