

## **NV Energy Seeks to Contract for and Acquire 135 Megawatts of Renewable Energy**

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On February 24, 2016, Nevada's largest electric utility NV Energy, a subsidiary of Berkshire Hathaway Energy, issued a final request for proposals ("RFP") to complete the renewable energy portion of the Emissions Reduction and Capacity Replacement Plan ("ERCR Plan") ([the RFP is available here](#)). Through the RFP, NV Energy aims to further diversify its sources of energy in light of the retirement of the coal-powered Reid Gardner plant and the utility's reliance on natural gas-fired generation. As a step towards that goal, NV Energy seeks to enter into a power purchase agreement ("PPA") for 100 megawatts ("MW") of renewable energy (nameplate capacity) and acquire 35 MW of renewable energy capacity. The bid fees are \$10,000 for the 100 MW generating capacity and \$5,000 if the nameplate capacity of the generating facility is equal to 35 MW. The bid submission deadline is March 18, 2016. NV Energy plans to execute contracts with the successful bidders by June 1, 2016, and file an application for approval with the Public Utilities Commission of Nevada ("PUCN") a month later.

The ERCR Plan originated from Senate Bill 123, enacted by the Nevada Legislature in 2013. The law, subsequently codified as Nevada Revised Statutes § 704.7311 et seq., provides for the retirement or elimination of not less than 800 megawatts ("MW") of coal-fired electric generating capacity and replacement of such capacity with up to 900 MW of renewable or non-coal conventional generation. Senate Bill 123 separated the replacement capacity into two distinct parts: (1) 550 MW of non-technology-specific generation planning capacity to be owned by NV Energy and (2) 350 MW of renewable generating nameplate capacity, only 50 MW of which was mandated to be owned by NV Energy.

On December 18, 2014, the PUCN approved NV Energy's proposal for the retirement and elimination of 812 MW of coal-fired generating units. The PUCN also approved (1) the acquisition of 496 MW of existing natural gas-fired generation as part of the 550 MW non-technology-specific portion of the replacement capacity, (2) construction of a 15 MW solar photovoltaic ("PV") project to be owned by NV Energy as part of the 50 MW renewable capacity portion, and (3) NV Energy's request to issue three 100 MW RFPs for renewable resources.

By January 2015, NV Energy issued two of the three required RFPs for 100 MW of renewable energy. Although the RFPs were open to any type of renewable generation, including geothermal, wind, and solar, the winning bids were submitted by two PV solar developers – First Solar and

SunPower. First Solar's Playa Solar 2 project offered a record-breaking rate of \$38.70 per megawatt-hour ("MWh"), escalating at a rate of three percent per year. SunPower's Boulder Solar installation offered solar-generated electricity at a fixed rate of \$46.00 per MWh. NV Energy signed 20-year power purchase agreements ("PPA") with both developers.

Before NV Energy could issue the third 100 MW RFP for renewable energy, Governor Sandoval signed into law Assembly Bill 498 of the 78th Session of the Nevada Legislature. The Bill requires that NV Energy demonstrate need for the final elements of the ERCR Plan before contracting for, acquiring, or constructing the remaining portions of the replacement capacity; namely, 54 MW of non-technology-specific capacity, 35 MW of utility-owned renewable capacity, and 100 MW of the remaining renewable energy RFP.

NV Energy's recent RFP aims to fill the 35 MW and 100 MW renewable energy portions of the ERCR Plan. Specifically, NV Energy is seeking to enter into a 100 MW renewable energy PPA and acquire 35 MW of renewable energy capacity. Eligible resources must be new and must be located in Nevada to satisfy the economic benefit and job creation factors required by NRS 704.732(3). The bidding is open to biomass, geothermal, solar, wind, and other qualifying renewable energy resources. NV Energy is willing to assign its "Dry Lake" site and development assets for a contracted photovoltaic solar renewable energy resource of a minimum 100 MW. The site is permitted for photovoltaic solar development only and, as such, is unavailable to other types of renewable resources. However, with the first two rounds of 100 MW renewable RFPs dominated by solar PV projects, it is likely that the winner of the latest RFP will once again be a solar PV project.

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