

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Annual Deferred Energy Accounting Adjustment Application of Nevada Power Company d/b/a NV Energy for the 12-month period ending December 31, 2023, reset the Temporary Renewable Energy Development Rate, reset all components of the Total Renewable Energy Program Rate, reset the Base Energy Efficiency Program Rates, reset the Base Energy Efficiency Implementation Rates, reset the Energy Efficiency Program Amortization Rate, reset the Energy Efficiency Implementation Amortization Rate and reset the Expanded Solar Access Program rate.

Docket No. 24-03 ____

VOLUME 8 OF 9

TECHNICAL APPENDIX

ITEM	DESCRIPTION	PAGE NUMBER
APPENDIX 6 –RISK COMMITTEE		
	August 16, 2023 (REDACTED)	2
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AUGUST

Risk Committee
Wednesday, August 16, 2023
8:00 a.m. - 9:30 a.m.

Locations
Las Vegas: Red Rock
Conference Room
Reno: Virginia

[Click here to join the meeting](#)

Microsoft Team Meeting (702-870-3481/Access code: 3632412#)

DEAA Compliance Portion						
	Min	Start	End	Subject	Action	Presenter
1	0:10	8:00	8:10	Introduction and approval of Risk Committee Meeting Minutes for July 19, 2023	Approval	Adrian Cacuci
2	0:20	8:10	8:30	Energy Supply Plan Update	Approval	Sophia Hickly
3	0:15	8:30	8:45	Energy Risk Management and Control Policy	Approval	Ryan Atkins
4	0:15	8:45	9:00	Resource Optimization Procedures -Natural Gas Procedures/Power Procedures/Forward Power Sales Procedures	Approval	Ryan Atkins
5	0:10	9:00	9:10	Physical Gas Transactions Above Premium Cap	Approval	Ryan Atkins
6	0:15	9:10	9:25	Anti-Fraud Program Update	Approval	John Lind

**Risk Committee Meeting
Wednesday, August 16, 2023
8:00 a.m. – 9:30 a.m.**

Voting Members in Attendance:

Brandon Barkhuff, Senior Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer
Michael Behrens, Vice President, Chief Financial Officer
Joshua Langdon, Vice President, Transmission
Matthew Johns, Vice President, Environmental Services & Land Management
Jesse Murray, Vice President, Electric Delivery
Zeina, Randall, Vice President, Gas Delivery
Antoine Tilmon, Vice President, Customer Operations
Jason Hammons, Vice President, Generation
Janet Wells, Vice President, Regulatory
Jimmy Daghlion, Vice President, Renewables
Marie Steele, Vice President, Integrated Energy Services
Ryan Atkins, Vice President, Resource Optimization
Adrian Cacuci, Treasurer
Kimberly Williams, Director, Resource Planning & Analysis

(Attendance constitutes a quorum)

Others Present: Michael Greene, Brenda Compton, Tim Pollard,
Cary Shelton-Patchel, Ryan Tardy, Rob Kocour

Presenters: Sophia Hickly (Item 2) (Ryan Atkins 3/4) John Lind (5)

Recorder: Richard Kirkendoll, Risk Control

Item 1 Risk Committee July 19, 2023, meeting minutes

Attachments: July 19, 2023, Risk Committee Meeting Minutes

Overview: Review the Risk Committee meeting minutes from the July 19, 2023

Discussion: The Committee reviewed and discussed the meeting minutes for July 19, 2023

Voting Results: Motion: Brandon Barkhuff
Second: Josh Langdon
Motion Approved Unanimously

Item 2 Energy Supply Plan Update and Natural Hedging Strategy

Attachments: Monthly Energy Supply Plan Update – Presentation

Overview: Review of the energy supply forecasts and procurements, as well as capacity positions, coal procurement and load forecasts. Recommending no changes to the approved physical gas volumes for both NV Energy North and South.

Recommending approval for current projected physical gas volumes for both Companies. Also, recommending approval of the 2025 open capacity positions and recommending no changes to the 2024 open capacity positions.

Discussion: The Committee discussed the physical gas volumes as presented and were informed that there is a total of 933 MW open position for summer 2024 and up to 1,345 MW's open position for summer 2025. It was also noted that the notable change in the assumptions was the removal of Southern Bighorn and Chuckwalla for 2024 and forward. The natural gas procurement for the current gas season of September – October 2023 has both companies within tolerance. Gas price forecast has increased in both the North and South as well as power prices showing an increase for this winter. Recommending approval of the gas burn projection which shows a variance of April 2024 and July – September of 2024. The increase was due to the outages at Tracy combined cycle and the increase in July – September was due to the Silverhawk combine turbines which are scheduled to come on-line July 2024 that help reduce the open position. Currently the company has 43 burns days of coal as of the end of July. A recommendation was put forth to identify what percent of the non-CAISO make up our closed position and going forward that will be presented in the presentation.

Committee Action: The Committee approved the recommended approval projected gas volumes for both NV Energy North and South as the targets for the four season ahead laddering strategy

Voting Results: Motion: Brandon Barkhuff
Second: Michael Behrens
Motion Approved Unanimously

Committee Action: The Committee approved to the 2025 open capacity positions and recommended no changes to the 2024 open capacity positions.

Voting Results: Motion: Janet Wells
Second: Antoine Tilmon
Motion Approved Unanimously

Item 3 Energy Risk Management and Control Policy Updates and Procedures

Attachments: Energy Risk Management and Control Policy-Natural Gas and Power Procedures

Overview: Updated list of titles in the Energy Risk Management and Control Policy and Natural Gas and Power Procedures

Discussion: Seeking the Committee approval to update the Energy Risk Management and Control policy with title changes. Resource Optimization recently went through a small reorganization change which included some new titles for power and gas trading. As opposed to having a singular manager over power and gas trading function, there will be a Director and Manager over both gas and power trading. No request to dollar threshold is being required, just having

those titles included in the policies and procedures to reflect the latest organizational stature.

Committee Action: The Committee approved the recommended changes to the Energy Risk Management and Control Policy and procedures regarding the addition of new positions and titles to Resource Optimization.

Motion: Jesse Murray
Second: Ryan Atkins
Motion Approved Unanimously

Item 4 Physical Gas Transactions above Premium Cap

Attachments: Physical Gas Transaction above Premium Cap

Overview: Seeking approval to trade above the premium cap, when beneficial to the Company

Discussion: Seeking pre-approval to transact on any transaction that may exceed the premium cap on the index based deal, which are part of the energy supply plan. This will prevent any delays to the RFP process and all of those transactions will be the least cost options. This is part of the four season laddering strategy and all prices are procured at index prices with the cap being set at \$0.25. Looking to fill the balance of winter 2023 and 2024 and looking to fill out the 2024-25.

Committee Action: The Committee approved the recommended changes to allow the above premium cap for trades in the RFP process.

Voting Results: Motion: Janet Wells
Second: Jesse Murray
Motion Approved Unanimously

Item 5 Anti-Fraud Program Update

Attachments: Anti-Fraud Program Update

Overview: Anti-Fraud Policy

Discussion: Seeking the Committee approval to changes to the Companies anti-fraud program. Formatting changes (policy from program) and other language edits are included in the document. The policy walks through each component and the Companies responsibility to having a solid program for minimizing the risk of fraud. The five components are the Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. One of the other changes is changing the old phrase, computer control with information technology control. Under each of the above five components there are word clarification for the language in each one. Changes were made that included the history of the program. Initially it was not completely understood if the Committee should approve or just review the policy, but after

a brief conversation and a review of the history of the document it was determined that the Committed should approve the policy.

Committee Action: The Committee approved the recommended changes to the policy.

Voting Results: Motion: Michael Behrens
Second: Brandon Barkhuff
Motion Approved Unanimously











EMPLOYEE COMMITMENT





CUSTOMER SERVICE









OPERATIONAL EXCELLENCE










REGULATORY INTEGRITY

ENVIRONMENTAL RESPECT

BERKSHIRE
FINANCIAL STRENGTH
OWNERSHIP

Risk Committee

Monthly Energy Supply Plan Update/Resource Planning and Analysis

August 16, 2023

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Recommendations

1. Recommend approval of current projected physical gas volumes for both NV Energy North and South (as shown on slides 10 and 11, highlighted in yellow) as the targets for the procurement of gas for the four-season ahead laddering strategy:

Season	% of Volumes Closed After Third Quarter 2023 Procurement
▪ Winter 2023 - 2024	100%
▪ Summer 2024	75%
▪ Winter 2024 – 2025	50%
▪ Summer 2025	25%

Recommendations

2. Recommend approval of the 2025 open capacity positions as shown on slide 6. And Recommend no changes to the 2024 open capacity positions as shown on slide 6

- a) Slide 6 reflects all firm market power purchases transacted as of July 31, 2023.

2023	June	July	August	September
RFP	1405 MW	1605 MW	1680 MW	725 MW
Powerex	274 MW	274 MW	274 MW	274 MW
Total	1679 MW	1879 MW	1954 MW	999 MW

2024	June	July	August	September
RFP	250 MW	250 MW	250 MW	0 MW
Powerex	168 MW	168 MW	168 MW	168 MW
Total	418 MW	418 MW	418 MW	168 MW

- b) Slide 6 reflects the Unit Characteristics Table (starts cost based) updated on May 19, 2023

- c) Slide 6 reflects the inclusion of Chukar 1, North Valley Geo, Brunswick diesel, Reid Gardner BESS, Silverhawk peaking units and the extension of Saguaro (summer 2023) and NCA 1 (summer 2023 and 2024) and 2 (summer 2023).

- d) Slide 6 reflects Tracy 3 outage in September due to environmental restrictions.

- e) Slide 6 reflects a 16% Planning Reserve Margin ("PRM") and 90 MW OATT reserve.

- f) Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III.

- g) Slide 6 reflects updated in-service dates of upgrades on Clark Peakers and Sunpeaks.

- h) Slide 6 reflects Hoover capacity update.

- i) Slide 6 reflects the following assumptions for Valmy 1 and 2:

- Valmy 1 is only available for July and August through 12/31/2025, except that it will be must run for reliability reasons.
- Valmy 2 on RMR (reliability must run) status through 12/31/2025.
- Valmy 1 minimum is lowered to 42.5 MW and Valmy 2 minimum is lowered to 45 MW for coal conservation.
- Valmy units are both restricted to minimum capacity except for emergency, due to coal conservation.



Topics/Issues

1. Physical Gas Procurement

- Sierra (electric and gas) and Nevada Power employ a four-season laddering strategy for physical gas purchases through which 25% of projected monthly gas requirements per season are procured, as approved by the Public Utilities Commission of Nevada in Docket No. 09-09001
- Four-season projected physical gas requirements, subject to approval by the Risk Committee, are the basis for gas purchases and serve as the approved procurement volumes
- Physical gas transactions through the Winter 2024-2025 season are at the targeted procurement levels per the four-season laddering strategy, e.g., 100% for the current season

2. Power Procurement

- Sierra (electric) and Nevada Power employ a four-season laddering strategy to close up to the largest open power position, as approved by the Public Utilities Commission of Nevada in Docket No. 21-06001.
- Four-season projected open power requirements, subject to approval by the Risk Committee, are the basis for power purchases and serve as the approved procurement volumes.

Topics/Issues

3. Summer Peak Hour Capacity Positions for 2023 and 2024 (Table on slide 6)
 - The table shows 933 MW open position for summer 2024.
 - The table shows up to 1,345 MW open position for summer 2025
4. Coal Procurement and Strategy
 - Projected coal burns for Sierra (electric) are continually monitored; additional coal, if needed, will be procured on the spot market
 - NV Energy aims to maintain 30 burn days of coal, or 78,000 tons, which would allow both Valmy units (NVE share only) to run at minimum load per month

2023-2024 Load and Resource Table Summary

NV Energy

(Normal weather forecasted monthly hourly peak)

	Jun-24	Jul-24	Aug-24	Sep-24	Jun-25	Jul-25	Aug-25	Sep-25
Net Peak Forecast-NPC	5,734	5,832	5,976	5,330	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	956	853	929	955	973	874
Reserves (16%)SPPC	286	298	311	258	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	8,806	9,079	9,120	8,421
					0	0	0	0
Available NPC	6,057	6,502	6,610	6,325	6,123	6,113	6,218	6,132
Available SPPC	1,738	1,735	1,864	1,578	1,623	1,621	1,648	1,526
Available NVE	7,794	8,237	8,473	7,902	7,746	7,734	7,867	7,658
					0	0	0	0
Long/(Open) - NPC	(594)	(263)	(322)	141	(614)	(810)	(834)	(202)
Long/(Open) - SPPC	(339)	(426)	(390)	(292)	(446)	(535)	(420)	(561)
Long/(Open) - NVE	(933)	(689)	(713)	(150)	(1,060)	(1,345)	(1,254)	(764)

Topics/Issues

5. Load Forecasts

- The load forecasts for Nevada Power and Sierra (electric) are both based on the 2022 3rd IRPA Load Forecasts approved on May 18, 2022. It included the stipulated load forecasts filed in September 2022, Docket 22-09006.
- Sierra (gas) is updated to the 2023-2024 ESP Load Forecast

6. Natural Gas Procurement

- For the gas season of September through October 2023, both Nevada Power and Sierra (gas) are within the targeted bandwidths.

Nevada Power

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

		Remarks		
Load Forecast	2023 3rd IRPA Forecast		Change In Prices Since Gas Volumes Were Approved in February 2023	Change In Prices From Prior Month
Gas Price Forecast (SoCal)	Summer 2023		6%	11%
	Winter 2023 - 2024		-1%	11%
	Summer 2024		0%	2%
	Winter 2024 - 2025		-5%	1%
Power Price Forecast (Mead)	Summer 2023		12%	0%
	Winter 2023 - 2024		6%	7%
	Summer 2024		11%	0%
	Winter 2024 - 2025		1%	4%
Plant Maintenance / Outages	Updated as of the end of July 2023			

Forecast Results

		Change in Volumes Since Approved in February 2023	Change In Volumes From Prior Month
Natural Gas Burns	Summer 2023	2%	5%
	Winter 2023 - 2024	6%	6%
	Summer 2024	11%	2%
	Winter 2024 - 2025	2%	5%

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Information contained in the report based on data as of July 31, 2023

Sierra

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

	Remarks	
Electric Load Forecast	2023 3rd IRPA Forecast	
Gas Forecast (Sendout)	2023-2024 Energy Supply Plan Load Forecast	
Gas Price Forecast (Main)		Change In Prices Since Gas Volumes Were Approved in February
	Summer 2023	9%
	Winter 2023 - 2024	5%
	Summer 2024	0%
	Winter 2024 - 2025	-6%
Plant Maintenance / Outages	Updated as of the end of July 2023	Change In Prices From Prior Month
		16%
		12%
		4%
		4%

Forecast Results

	Approved in February 2023	Change In Volumes From Prior Month
Natural Gas Burns	3%	0%
	3%	0%
	-5%	0%
	1%	1%
	Summer 2023	
	Winter 2023 - 2024	
	Summer 2024	
	Winter 2024 - 2025	

Nevada Power Daily Physical Gas Requirements (MMBtu/day)

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2023

1 Approved (Rounded to thousands)
2 Risk Committee Approval Date
3 Current Procured Volumes
4 Current Target Procurement Level
5 Current Projection (August 2023 Risk Run)
6
7 Variance (Approved - Current Projection)
8

2024

10 Approved (Rounded to thousands)
11 Risk Committee Approval Date
12 Current Procured Volumes
13 Current Target Procurement Level
14 Current Projection (August 2023 Risk Run)
15
16 Variance (Approved - Current Projection)
17

2025

19 Approved (Rounded to thousands)
20 Risk Committee Approval Date
21 Current Procured Volumes
22 Current Target Procurement Level
23 Current Projection (August 2023 Risk Run)
24
25 Variance (Approved - Current Projection)
26
27

Variances outside the acceptable bandwidth of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week
Above volumes represent KERN River Pipeline delivered gas only.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1									339,000	328,000	294,000	346,000
2									Feb 2023	Feb 2023	Feb 2023	Feb 2023
3									338,500	328,000	220,000	259,500
4									100%	100%	75%	75%
5									356,229	324,933	303,383	360,129
6									(17,229)	3,067	(9,383)	(14,129)
7												
8												
9												
10												
11									334,000	304,000	276,000	335,000
12									Feb 2023	Feb 2023	Feb 2023	Feb 2023
13									166,500	151,500	68,500	83,500
14									50%	50%	25%	25%
15									397,074	317,872	285,523	342,825
16												
17									(63,074)	(13,872)	(9,523)	(7,825)
18												
19												
20												
21												
22												
23												
24												
25									380,136	329,189		
26												
27												

Daily Physical Gas Requirements

(MMBtu/day – includes electric and gas)

2023

1 Approved (Rounded to thousands)
 2 Risk Committee Approval Date
 3 Current Procured Volumes
 4 Current Target Procurement Level
 5 Current Projection (August 2023 Risk Run)

6
 7 Variance (Approved - Current Projection)
 8

2024

10 Approved (Rounded to thousands)
 11 Risk Committee Approval Date
 12 Current Procured Volumes
 13 Current Target Procurement Level
 14 Current Projection (August 2023 Risk Run)

15
 16 Variance (Approved - Current Projection)
 17
 18

2025

20 Approved (Rounded to thousands)
 21 Risk Committee Approval Date
 22 Current Procured Volumes
 23 Current Target Procurement Level
 24 Current Projection (August 2023 Risk Run)

25
 26 Variance (Approved - Current Projection)
 27

Variances outside the acceptable bandwidth of 15,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1									128,000	135,000	157,000	181,000
2									Feb 2023	Feb 2023	Feb 2023	Feb 2023
3									128,000	135,000	117,000	135,500
4									100%	100%	75%	75%
5									123,406	147,821	157,205	178,617
6												
7									4,594	(12,821)	(205)	2,383
8												
9												
10												
11									129,000	124,000	148,000	176,000
12									Feb 2023	Feb 2023	Feb 2023	Feb 2023
13									64,000	62,000	36,500	43,500
14									50%	50%	25%	25%
15									136,868	123,049	152,457	185,155
16												
17									(7,868)	951	(4,457)	(9,155)
18												
19												
20												
21												
22												
23												
24												
25												
26												
27												

Coal Inventory

Proactive actions taken regarding coal supply

- Second train contracted for 2023 to help with deliveries
- Diversified supply by contracting with three different mines
- Weekly calls with Union Pacific to ensure train/crew schedules are on track
- Front loading as many deliveries as possible before summer to ensure supply

Month	End of Month Inventory Level (Tons), Including Trains in Transit	Estimated Burn Days
Valmy (Sierra Pacific Power Company Share Only)		
Jul 2023	129,043	43 days as of July 31, 2023 (Assumes daily burn of 3,000 tons(1))
Jun 2023	179,924	
May 2023	97,261	
Apr 2023	47,294	

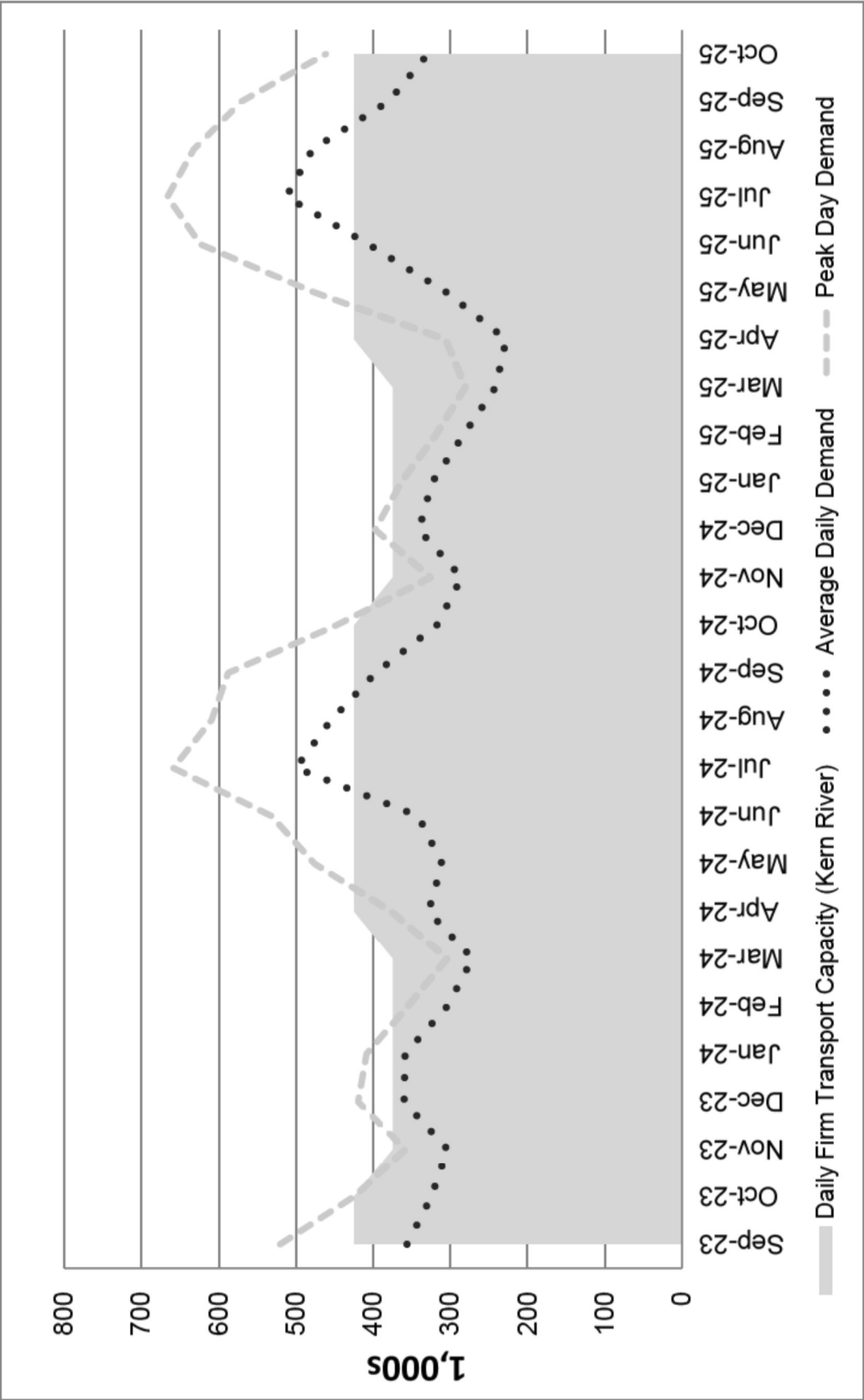
(1) Burn days for each plant are based on 90% capacity burn

Technical Appendix



Nevada Power

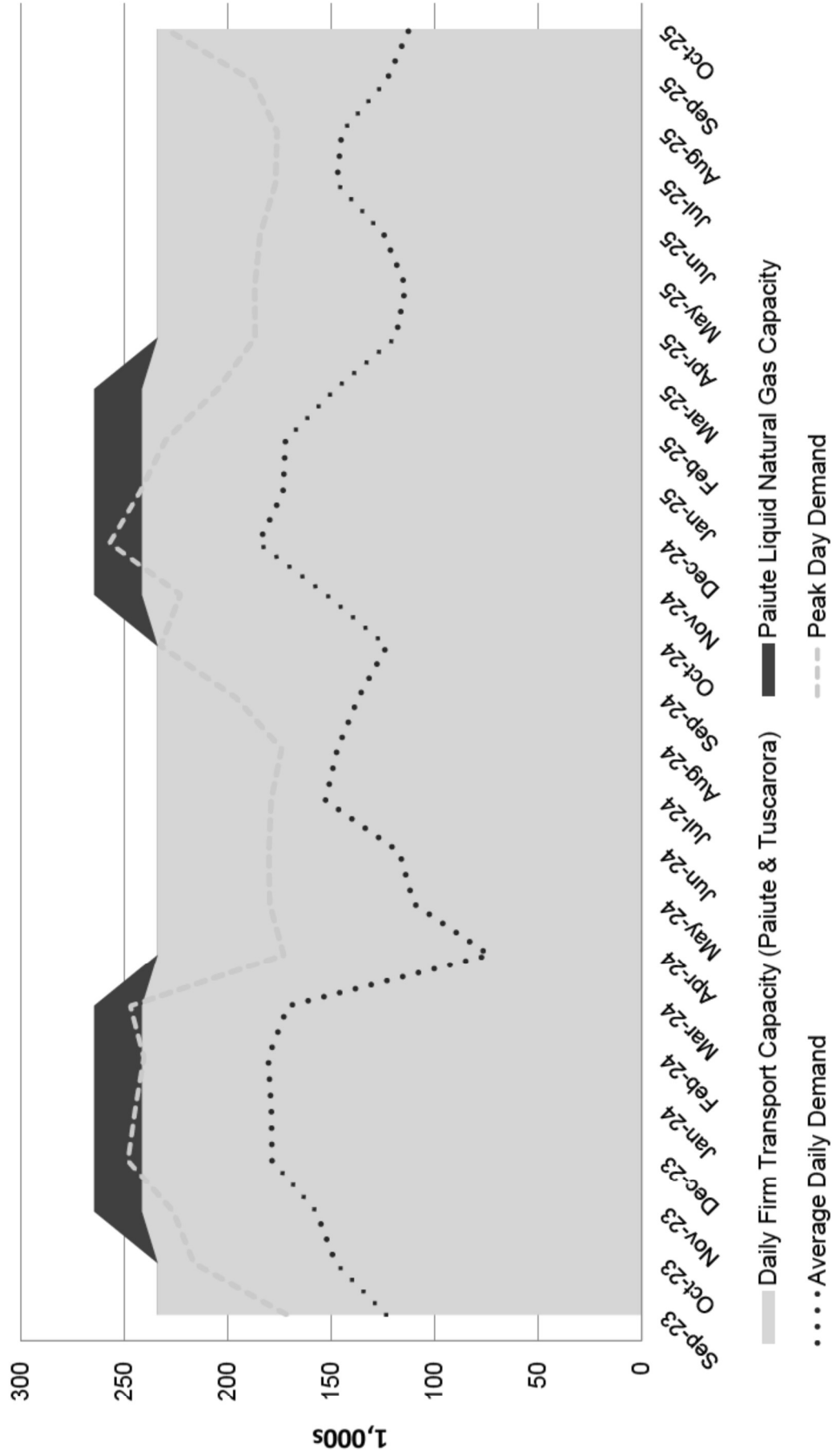
Gas Demand Versus contracted Kern River Transport Capacity (MMBtu)



Note: Based on normal weather

Sierra (electric and gas) Gas Demand Versus Transport Capacity (MMBtu)

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Note: Based on normal weather

Nevada Power Natural Gas Price Forecasts

SoCal Gas Price Forecast (dollars per MMBtu)

— August-23 Forecast — Approved Feb-23

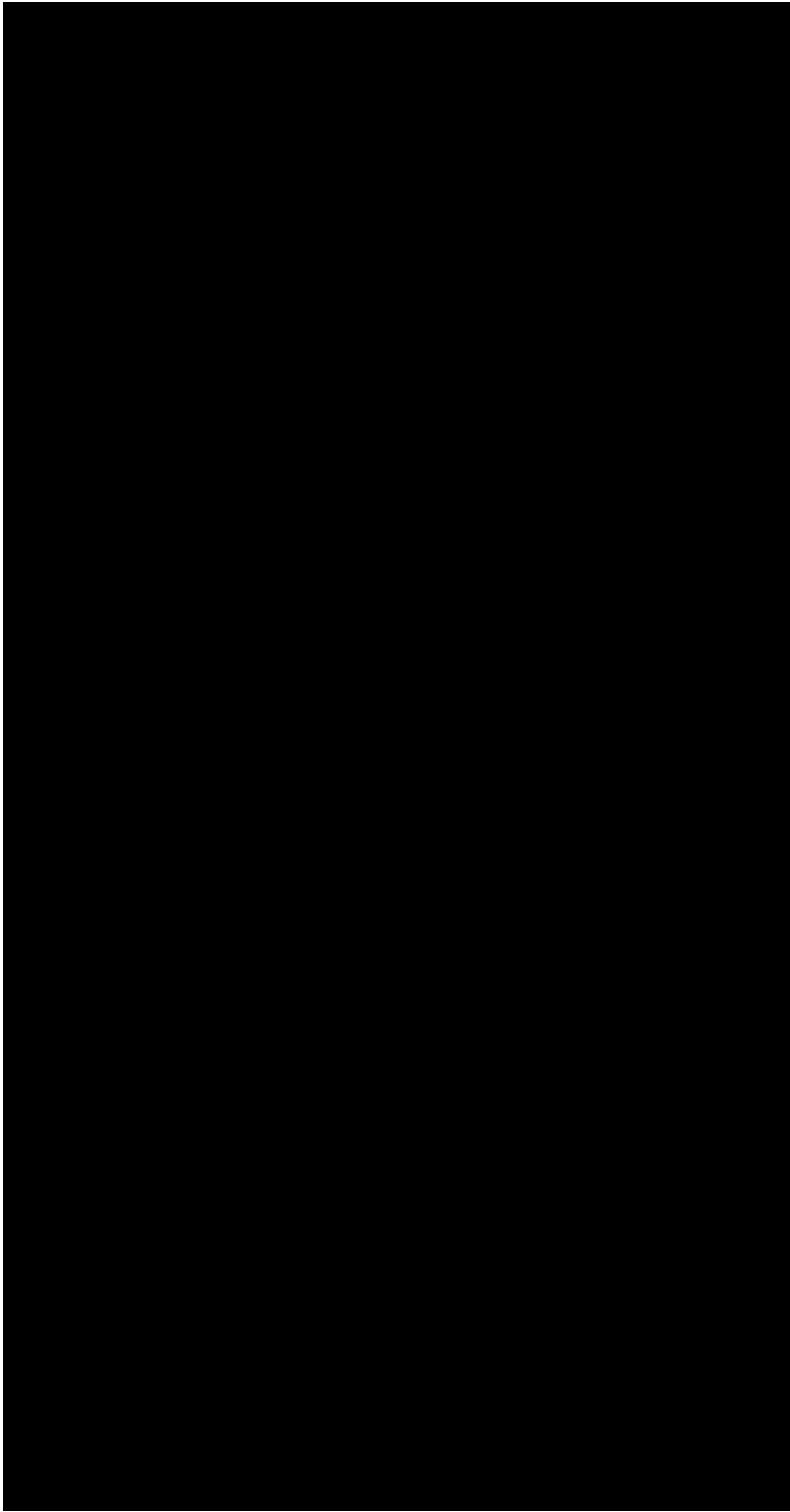


Delivery Month

Nevada Power Power Price Forecasts

Mead Power Price Forecast (dollars per MWh)

- August 2023 Forecast - On-Peak
- - Approved (February 2023) - On-Peak
- August 2023 Forecast - Off-Peak
- - Approved (February 2023) - Off-Peak



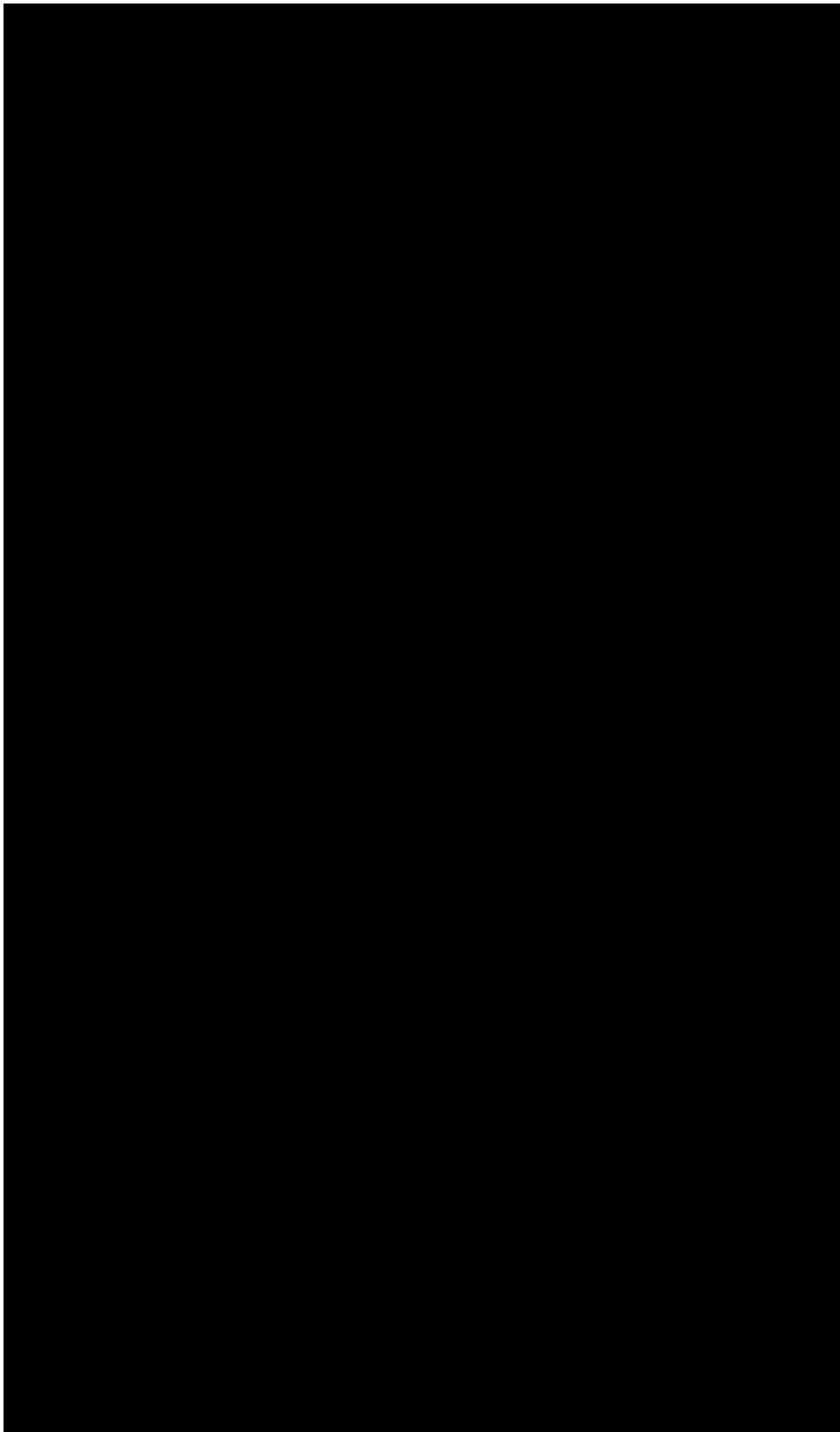
Delivery Month

Sierra

Natural Gas Price Forecasts

Malin Gas Price Forecast (dollars per MMBtu)

— August-23 Forecast — Approved Feb-23

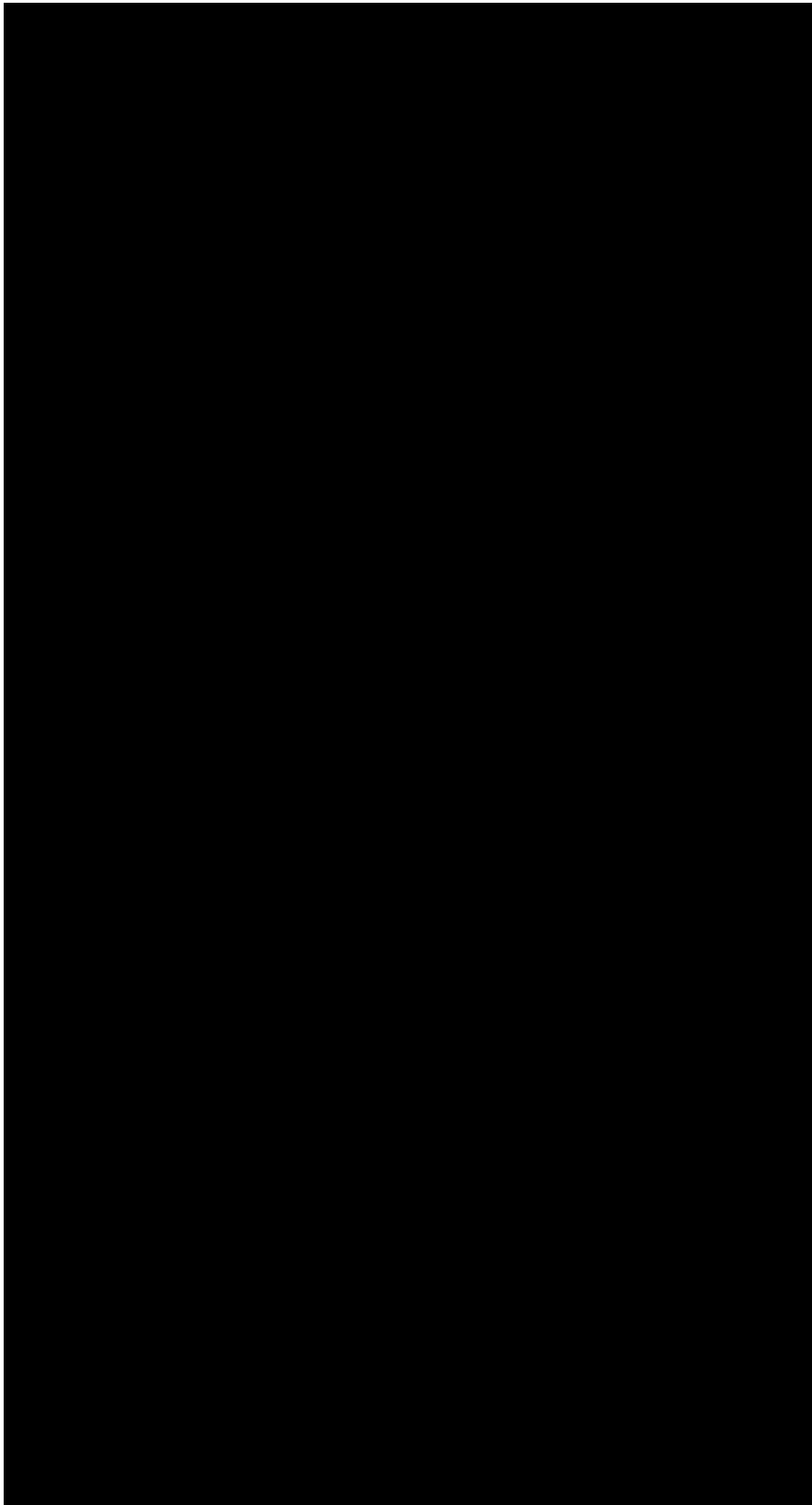


Delivery Month

Sierra Power Price Forecasts

Northern Nevada Power Price Forecast (dollars per MWh)

- August 2023 Forecast - On-Peak
- August 2023 Forecast - Off-Peak
- - Approved (February 2023) - On-Peak
- - Approved (February 2023) - Off-Peak



Delivery Month

NV Energy, Inc.

Energy Risk Management and Control Policy

Risk Committee Approval

August 16, 2023

This policy should only be distributed to the employees of NV Energy (and its subsidiaries) who need access to the document during the performance of their assigned duties. This policy should not be provided outside the Company without the prior approval of the Risk Committee Chairperson.

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I. Background

NV Energy, Inc. (the Company) has two wholly owned utility subsidiaries, Nevada Power Company (d/b/a NV Energy) and Sierra Pacific Power Company (d/b/a NV Energy) (and together with NV Energy, the 'Companies') who are engaged in the generation, transmission and distribution of electric energy and in the distribution of natural gas in Nevada.

This policy addresses energy risks of the Companies. The officers and management of the Companies are responsible for enforcing this policy and the associated procedures in the areas for which they are responsible. The Companies are exposed to a variety of risks inherent in their commercial operations. Those risks include accidental loss risk, credit risk, energy supply risk, environmental risk, facilities risk, financial risk, information and control systems risk, and other operating risk. In aggregate, these risks constitute the Companies' enterprise risk.

The Companies manage risk in a variety of ways. For example, commitments to generation and transmission and to longer-term energy supply contracts are managed through the resource planning process (including distributed energy resource plans) and culminating with Public Utilities Commission of Nevada (PUCN) approval of the resource plans. Other multiyear risks are managed, in part, through the Companies' strategic planning exercises. Shorter-term risks are managed through annual Energy Supply Plans, budgets, key performance indicators and prioritized objectives by departments or functional area¹.

II. Application and Purpose

This policy will be applied to all physical and financial transactions related to energy procurement, energy sales, and energy hedging in accordance with Energy Supply Plans or Integrated Resource Plans approved by the PUCN as applicable. Any variances from the approved Energy Supply Plans or Integrated Resource Plans must be approved in accordance with Section V.D.2.

III. Policy Objectives

1. Provide preset notification thresholds for transactions entered into pursuant to this policy;
2. Establish sound principles for entering into and managing such transactions; and,

¹ Because organizations change names, responsibilities, and reporting relationships, references in this policy to 'department' or 'departments' is effectively referencing the executive or vice president responsible for that department or functional area.

3. Define the responsibilities for managing and monitoring those risks.

IV. Energy Risk Definition

The Companies are engaged in the generation, transmission and distribution of electricity, and in the distribution of natural gas in Nevada. The Companies deal in the coal, natural gas, oil and wholesale power markets (including renewable) to meet the energy requirements of their customers. They also acquire, develop and operate generating plants that produce electric energy for their customers. In so doing, the Companies are exposed to a variety of risks inherent in their energy supply efforts, including among others: price, volumetric, credit, and operational risk.

V. Energy Risk Management and Control Framework

The Companies will systematically manage price, volumetric and credit risks through three primary vehicles: (i) organization and governance; (ii) energy risk management programs; and (iii) energy risk control practices. Credit risk is addressed by a separate Credit Risk Management and Control Policy.

A. Organization and Governance

- 1. Risk Committee:** The Risk Committee will be responsible for overall policy direction of the Companies' energy risk management and control efforts. Specific activities for which the Risk Committee will be responsible are set forth in Appendix B, Section A. The Risk Committee has the right to delegate portions of its assigned duties to one or more committees.
- 2. Risk Control:** Risk Control, under the direction of the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will monitor the operations of the Companies to ensure compliance with this policy and the associated procedures. All omissions and exceptions will be reported promptly to the Risk Committee by Risk Control. Risk Control will be responsible for the activities set forth in Appendix C, Section A.
- 3. Credit Risk Management:** Credit Risk Management, under the direction of the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will be responsible for managing and mitigating the Companies' credit risk exposures associated with energy and service delivery transactions. Credit Risk Management will be responsible for the activities set forth in Appendix C, Section B.
- 4. Resource Optimization:** Resource Optimization, under direction from the Vice President of Resource Optimization, will be responsible for the resource

optimization, balancing, forward trading, and contract negotiation related to fuel and short-term wholesale power. Specific activities for which Resource Optimization will be responsible are set forth in Appendix C, Section C.

5. **Renewables and Origination:** Renewables and Origination, under the direction of the Vice President of Renewables will be responsible for the origination functions related to renewable energy and long-term (i.e., three year or greater term) wholesale power. Specific activities for which Renewables and Origination will be responsible are set forth in Appendix C, Section D.
6. **Resource Planning and Analysis:** Resource Planning and Analysis, under direction from the Vice President, Regulatory, will be responsible for preparation of forecasts of: customer energy requirements; energy and fuel prices; production costs; and fuel requirements. Additionally, Resource Planning and Analysis will develop Integrated Resource Plans and Energy Supply Plans in accordance with the Public Utilities Commission of Nevada resource planning regulations. Specific activities for which Resource Planning and Analysis will be responsible are set forth in Appendix C, Section E.
7. **Fuel and Purchased Power Accounting:** Fuel and Purchased Power Accounting, under direction from the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will be responsible for ensuring transactions are accurately recorded in the financial system of record. Specific activities for which Fuel and Purchased Power Accounting will be responsible are set forth in Appendix C, Section F.

B. *Energy Risk Management Program*

1. **Portfolio Optimization:** The Companies, through the purchase and sale of the financial instruments and physical products set forth in Appendix D, Section A, will manage the energy risks inherent in the Companies' operations and prepare periodic reports to document the Companies' efforts and comply with legal and regulatory requirements. The Companies' will enter into transactions to balance and optimize their portfolios. However, speculative transactions are not permitted. Bookouts In Lieu of Liquidated Damages are permitted. Bookout transactions for the sole purpose of financial gain or of transactions that were not originally intended for physical delivery are not permitted.
2. **Energy Supply Plans.** The Companies will seek the PUCN approval of Energy Supply Plans to govern the purchase and sale of fuel and wholesale power and the associated transmission and transportation services. The process will include assessments of projected loads and resources, assessments of expected market prices, evaluations of relevant options available to the Companies for the purchase, sale, or optimization of resources, and evaluations of the risk attributable to those portfolio options. The Energy Supply Plans will include recommended courses of action to be followed during the three-year period covered by each plan.

Any energy transactions that deviate from the PUCN approved Energy Supply Plans may only be entered into in accordance with Section V.D.2. The Energy Supply Plans will be reviewed on an ongoing basis and updated at least once a year. Changes in the data and assumptions underlying the approved Energy Supply Plans will be promptly reported to the Risk Committee.

3. **Authorized Products and Authority of Personnel.** The personnel listed in Appendix D, Section B are authorized to originate transactions for the commodities and services indicated.

C. *Documenting Transactions and Authorized Signatories*

The Companies will not enter into any transaction for the purchase or sale of fuel and wholesale power without a written contract delineating the associated terms and conditions. The contract may be an agreement for a specific transaction, a standard agreement, or a master agreement. Transactions entered into for Energy Supply typically fall into two types: (i) transactions entered into for specific transactions under standard contract practices (“Non-Standard Transactions”), and (ii) transactions entered into orally pursuant to master agreements (“Standard Transactions”). These two types of transactions require different execution and risk control practices.

1. **Non-Standard Transactions.** Non-Standard Transactions are all contracts executed pursuant to this policy that are not Standard Transactions or Online Exchange Transactions. Non-Standard Transactions may be executed by the individuals identified in Appendix D, Section B and Section C in accordance with the Signature Authority Levels in Appendix D, Section F.
2. **Standard Transactions.** Standard Transactions are transactions that are entered into orally pursuant to a master trading agreement (as further discussed below) and subsequently confirmed, in the case of term transactions (one month or more), in writing. Gas transactions of less than one month are not required to be confirmed in writing. Power transactions of less than seven days are not required to be confirmed in writing. Standard transactions will be entered into or confirmed (for transactions entered into via brokers, ICE Chat or other industry acceptable methods) on recorded phone lines. The Companies will maintain telephone systems capable of recording trader transactions. Notices are provided pursuant to the Commitment Notification Thresholds for Oral Transactions as indicated in Appendix E Section A. The individuals indicated in Appendix D, Section D are authorized to enter into oral transactions.
3. **Online Exchange Transactions.** Online Exchange Transactions are transactions that are entered into via an online commodities exchange platform, such as the Intercontinental Exchange (“ICE”). These transactions do not require oral confirmation over a recorded phone line. Online Exchange Transactions are subject to the same notification limits as Oral Transactions. The individuals identified in Appendix D; Section D are authorized to enter into oral transactions.

4. **Master Agreements.** Master agreements include, but are not limited to, the International Swap and Derivatives Association (“ISDA”) Agreement for financial and physical gas transactions (where a physical annex exists), WSPP Inc. Agreement for physical power, and the North America Energy Standard Board (“NAESB”) Agreement for physical gas. Master agreements will be executed by the Vice President of Renewables. When a master agreement is in place, a transaction may be entered into orally in accordance with the terms of the relevant master agreement and subsequently confirmed, in the case of gas transactions (one month or more) and power transactions (seven days or more), in writing. Risk Control shall notify the appropriate personnel if the Dollar Threshold is exceeded in the Table in Appendix E, Section A. Confirmations will be executed by the Manager, Power and Gas Trading or Power Trader.
5. **Authorized Signatories.** The individuals listed in Appendix D, Section E are authorized to execute transactions and confirmations for approved financial and physical instruments on behalf of the Companies provided that such transactions conform to the Energy Supply Plan approved by the Public Utilities Commission of Nevada or as otherwise approved by Risk Committee. Invoices shall be approved in accordance with the signature authority limits of the Corporate Governance and Approvals Policy.

D. Risk Control Practices

Risk Control Practices are established to monitor and manage the risks inherent in the efforts to secure reliable supplies of fuel and wholesale power, and to optimize the portfolio through sales. Risk Control Notification Thresholds have been established to monitor and report risk metrics for transactions entered into by the Companies.

1. **Notification Thresholds:** The Companies will adhere to the notification thresholds set forth in this policy. The notification thresholds fall into three categories: Transaction Approval Notification thresholds, Portfolio Risk Notification thresholds, and Credit Risk Notification thresholds.
2. **Transaction Notification Thresholds.** The transaction notification thresholds relate to the values of contracts to which authorized personnel of the Companies obligate the Companies. Risk Control will report any transactions that exceed the transaction notification thresholds (Appendix E, Section A) monthly to the voting members of the Risk Committee.
3. **Portfolio Risk Control Notification Thresholds:** Value-at-Risk notification thresholds and Mark-to-Base change notification thresholds will be applied to the Companies’ energy procurement and sales activities. Risk Control will report any instances where the Value-at-Risk and Mark-to-Base metrics exceed the portfolio risk control notification thresholds (Appendix E, Sections B and C) monthly to the members of the Risk Committee as they occur.
 - i. **Value-at-Risk Notification Thresholds:** The Value-at-Risk (also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements) notification thresholds set forth in Appendix E, Section B will be the

notification threshold for the expected maximum increase in fuel and wholesale power costs. The Companies will use methodologies, consistent with industry standards, for calculating the Value-at-Risk for their energy portfolios. Those calculations will incorporate the level of confidence, length of term and holding period set forth in Appendix E, Section B.

- ii. **Mark-to-Base Notification Thresholds:** Base Tariff Energy Rates (BTER) are set at levels that anticipate the Companies' expenditures for fuel and wholesale power. During any period, recovery of expenditures in excess of the revenue produced by those base rates is first offset against sales for the same period. To the extent that expenditures for fuel and wholesale power exceed BTER revenues and offsets for sales, the excess will be deferred. Mark-to-Base will provide an estimate of such deferrals for the current deferral period. It will reflect actual expenditures to date, committed expenditures for the balance of the deferral period, and expected expenditures for uncommitted purchases. The Mark-to-Base Notification thresholds set forth in Appendix E, Section C will trigger notifications if changes in Mark-to-Base Thresholds occur on both a cumulative basis and a month-to-month basis. Mark-to-Base for each deferral period will begin to be assessed three months before the beginning of each deferral period and continue to be assessed until the end of each deferral period.

- 4. **Energy Credit Risk Notification Thresholds:** All Energy Credit Risk Notifications shall be made in accordance with the Credit Risk Management and Control Policy.
- 5. **Exception Management Process:** The Risk Committee may approve exceptions to this policy and to the plans and procedures developed in accordance with this policy. Transactions which are not contemplated by an Integrated Resource Plan or Energy Supply Plan may only be entered into if approved by the Risk Committee and the President.
- 6. **Procedures:** The Companies will maintain procedures for reporting exceptions and notifications pursuant to this policy and the plans and procedures developed in accordance with this policy. The procedures will have provisions for the prompt notification of the Treasurer or Assistant Treasurer, who will, in turn, be responsible for notifying the Companies' personnel responsible for resolution of the exception, and the Risk Committee. Presentations to the Risk Committee will include descriptions of the exceptions, proposed courses of action to resolve the exceptions, and schedules for resolving the exceptions.

VI. Compliance

All personnel who are or may become involved in any energy procurement or sale activities or otherwise influence the energy procurement or sale decisions covered by this policy will be provided a copy of this policy and any associated procedures. Company personnel are prohibited from buying and selling any approved commodity for their own account or for the benefit of any entity other than the Companies. Additionally, Company personnel are required to disclose any significant direct interest² in any of the Companies' counterparties for transactions covered by this policy. To facilitate that disclosure, a listing of the Companies' counterparties and their parent organizations will be made available upon request.

Personnel who are or may become involved in any energy procurement or sale activities covered by this policy will be familiar with this policy and any associated procedures and solicit clarification of any areas that they do not understand. Each such employee will be advised of their responsibilities as set forth in the Employment Acknowledgement, Appendix G, confirming his or her understanding of the policy requirements, and confirming his or her agreement to fully comply with those requirements. Each such employee also will be required to complete an Employee Acknowledgment form whenever substantive updates are made, or at one-year intervals, whichever comes first. Consistent with the Employee Acknowledgement form:

1. Each employee will have an affirmative duty to alert management immediately upon learning of any potential violations of this policy.
2. Each employee also will have an affirmative duty to alert management immediately upon learning of any risks not adequately covered by this policy and the associated procedures, methodologies, and systems.

² For the purposes of this policy, a direct interest will be defined as the direct ownership of shares in a publicly traded entity or an ownership interest in a privately held entity. A significant direct interest will be one with a current value greater than one thousand dollars. The ownership of shares via a mutual fund will not be deemed a direct interest.

Appendix A: Definitions

Aggregate Exposure	An estimate of the current cost of replacing all of the contracts with a counterparty.
Approved Commodity	Electricity, natural gas, propane, coal, oil, and portfolio energy credits together with derivatives that are linked to those commodities and transmission or transportation services for those commodities. Renewable energy credits that fall outside the definition of portfolio energy credits.
Bookouts	An agreement entered into subsequent to an agreement for the physical delivery of a commodity to cancel an outstanding agreement by the parties involved, through cash settlement of the difference between the price specified in the agreement and an acceptable reference price. A Bookout must be memorialized in a subsequent agreement in writing between the parties involved to comply with Dodd-Frank regulations.
Bookouts In Lieu of Liquidated Damages	An agreement entered into to cancel an outstanding delivery obligation or portion thereof in lieu of the payment of liquidated damages by the parties involved, through cash settlement of the difference between the price specified in the agreement and an acceptable reference price.
Counterparty	An entity that has entered into a contract with one of the Companies.
Energy Supply Plans	Plans that the Companies will develop to govern the purchase and sale of fuel and wholesale power and the associated transmission and transportation services. Energy Supply Plans will cover three-year periods.
Financial Instruments	Swaps, options, futures, and options on futures entered into to hedge risks.
Fixed Price Agreement	A contract in which the price of the commodity or service is set at a particular level when the contract is executed.
Forwards	Agreements to buy or sell a quantity of a product, at an agreed price, for delivery at a specific location and for a future period and traded over the counter directly with counterparties.
Indexed Agreement	A contract in which the price of the commodity or service is tied to one or more published indices.

Liquid Market	A market characterized by narrow bid/offer spreads, easy access to reliable price data, and small movements in prices as a result of sizable transactions.
Mark-to-Base	An estimate of costs that may be deferred through deferred energy or purchased gas adjustment accounting.
Mark-to-Market	The value of a financial or physical instrument, or an aggregation of such instruments, at the Companies' best estimate of current market prices.
Options	Instruments which give the holder the right, but not the obligation, to sell or buy the underlying commodity at specified prices, times, and locations.
Physical Instrument	A contract for a commodity under which the Companies expect to take delivery of the specified commodity.
Portfolio Energy Credit	A credit that is earned through energy produced or saved from a renewable energy system or energy efficiency measure. These credits are issued to any eligible renewable energy producer as defined in Nevada Revised Statute 704.7811. These credits may be purchased and sold to meet the Renewable Portfolio Standard.
Products	Commodities with specific characteristics like electricity delivered during predefined periods.
Renewable Energy Benefits	Represents the property rights to the environmental, societal, and other nonpower qualities of renewable electricity generation. A Portfolio Energy Credit and its associated attributes and benefits can be sold separately from the underlying physical electricity associated with a renewable-based generation source.
Swaps	Agreements to exchange net future cash flows or physical positions.
Transaction	A contract obligating the Companies to buy or sell physical commodities and services. Transactions will also include monetary obligations incurred through financial instruments.
Transmission Agreement	A contract to move electricity from one point to another. Such contracts are frequently referred to as "wheeling" agreements.
Transportation Agreement	A contract to move coal, natural gas, or oil from one point to another.

Value-at-Risk (also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)	The expected maximum increase in fuel and wholesale power costs over a target horizon within a given confidence interval and holding period. Value-at-Risk serves as a gauge of market exposure, summarizing the total market risk in a portfolio of assets.
Western North America Coal Sources	Coal mines in the States of Arizona, Colorado, New Mexico, Utah, and Wyoming that produce coal that can be burned efficiently and effectively in the Companies' generating units.
Western North America Natural Gas Hubs	Locations in the western half of the United States and Canada at which natural gas is traded in quantities sufficiently large to ensure liquid markets.
WSPP Regional Power Markets	Locations in the western half of the United States and Canada at which electricity is traded in quantities sufficiently large to ensure liquid markets. Such electricity is often traded under the provisions of the WSPP agreement.

Appendix B: Areas of Responsibility - Committee

Risk Committee: The Risk Committee will be responsible for:

- Assessing the appropriateness of the Companies' energy supply risk management and control activities and making recommendations for modifications to existing policies;
- Approving changes and exceptions as designated in specific sections of this Policy and ensuring the ongoing availability of procedures required to implement those policies or any changes to them;
- Assessing the systems required to monitor, record, and report on the risks inherent in the Companies' energy supply related activities and making recommendations for improvements to existing risk policies;
- Approving Energy Supply Plans;
- Reviewing all transactions requiring exceptions to the applicable policies and procedures;
- Reviewing and approving all energy procurement and sale transactions that are Transactions not transacted in accordance with the Energy Supply Plan, requiring the approval of the President;
- Reviewing all violations of notification thresholds and processes established under this policy, approving, or recommending for approval remedies of the violations, and monitoring progress of such remedies; and
- Assigning the completion of any other activities to guide the overall policy direction of the Companies' energy risk management and control efforts; and,
- Approving any exceptions to the Energy Supply Plan.

Appendix C: Areas of Responsibility – Departments

A. Risk Control: Risk Control is responsible for:

- Monitoring compliance with the Energy Risk Management and Control Policy and reporting exceptions;
- Disseminating this policy to the Companies' personnel who will be affected by this policy;
- Measuring the Companies' energy portfolio exposures and comparing the measurements against approved exposure notification thresholds;
- Accumulating risk control information for the Companies;
- Creating monthly risk control reports;
- Assessing proposed modifications to risk control policies and notification thresholds based on changing business or market conditions;
- Recommending the appropriate level of risk - within approved notification thresholds - to be accepted on behalf of the Companies;
- Each business day, review sample of 1 - 5 trades by listening to phone recordings or ICE Chat (gas/power) and verifying that transactions are in the trader log and TRM for natural gas or Allegro and OATI for power; and,
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification levels set forth in Appendix E, Section A.

B. Credit Risk Management: Credit Risk Management is responsible for:

- Assessing the creditworthiness of counterparties;

- Approving counterparties and establishing credit ratings for them before the Companies enter into energy-related transactions with them;
- Maintaining the Companies' lists of approved bidders;
- Monitoring and reporting on the creditworthiness of wholesale fuel and power counterparties;
- Reviewing and reporting on all contractual credit terms;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Notifying Resource Optimization leadership when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk;
- Resolving credit issues with counterparties;
- Calculating collateral requirements to be posted by counterparties and overseeing the receipt of that collateral;
- Maintaining records of the collateral posted by counterparties;
- Calculating collateral requirements and managing collateral posted by the Companies; and,
- Managing margining requirements.

C. Resource Optimization: Resource Optimization is responsible for:

- Negotiating, developing, and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds;
- Identifying prospective counterparties and presenting viable entities to Credit Risk Management for approval;
- Facilitating Requests For Proposals ("RFPs") for standard power, natural gas, coal, propane, and oil;
- Verifying the accuracy of financial/physical gas, carbon allowances, and spot power invoices received by the Companies related to short-term power, transmission, and California Independent System Operator market transactions;
- Leading the negotiation process for certain natural gas transportation contracts and gas storage;
- Recording transactions for accounting and contract management purposes, distributing the records, and adjusting the records as a result of actualization activities;
- Reviewing confirmations for accuracy prior to approval; and,
- Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure.

D. Renewables and Origination: Renewables and Origination is responsible for:

- Negotiating, developing, and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds;
- Leading the negotiation process of Master Agreements for power and carbon;
- Facilitating Requests For Proposals ("RFPs") for non-standard transactions, portfolio energy credits, other renewable energy credits, and qualifying facilities;
- Managing customer programs and executing associated commercial transactions;

- Performing due diligence and all associated tasks for asset acquisitions and specific asset developments to meet customer or resource planning needs;
- Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure;
-
- Leading the negotiation process for non-standard power contract amendments;
- Providing contract support to Resource Optimization, Credit Risk Management, Contract Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

E. Resource Planning and Analysis: Resource Planning and Analysis is responsible for:

- Developing forecasts of energy and fuel prices;
- Estimating the Companies fuel and energy requirements and the associated costs;
- Developing Integrated Resource Plans;
- Developing Energy Supply Plans and associated risk management strategies;
- Analyzing energy resources available to the Companies to help to ensure the optimal use of those resources; and,
- Preparing or assisting with the preparation of periodic reports.

F. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for:

- Verifying the accuracy of financial/physical gas, carbon allowances, and spot power invoices received by the Companies;
- Resolving issues regarding financial/physical gas, carbon allowances, and spot power invoices received by the Companies;
- Submitting final invoices to authorized personnel for approval;
- Preparing and issuing invoices for sales to counterparties;
- Verifying the settlement amounts from financial transactions;
- Accounting for all transactions;
- Reconciling the accounts to confirm the accuracy of the energy accounting;
- Ensuring the timely collection of receivables attributable to sales of energy and fuel;
- Supervising the payment and receipt of all settlements from financial transactions; and,
- Preparing designated reports.

G. Contract Management: Contract Management is responsible for:

- Managing pre-commercial and commercial energy supply contracts per their terms and conditions, including but not limited to; certifying completion of contractually required milestones, acceptance of commercial operation, and the invoice settlement function for long-term power and certain natural gas contracts;
- Maintaining counterparty contract and trading status information in the systems of record;
- Managing the confirmation process for term physical/financial gas and power transactions;

- Maintaining energy supply contracts in accordance with the Corporate Records Retention Schedule; and,
- Providing contract support to Resource Optimization, Credit Risk Management, Contract Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

Appendix D : Resource Procurement and Sale Constraints

A. Approved Financial Instruments and Physical Products

Instrument	Commodity											
	Power		Natural Gas		Coal		Oil, Diesel, Propane		SO2 Allowances		Carbon Allowances	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Financial Instruments												
Forwards	X	X	X	X			X				X	X
Options	X	X	X	X			X					
Swaps	X	X	X	X			X					
Physical Products and Instruments												
Spot Agreements	X	X	X	X	X	X	X	X			X	X
Fixed Price Agreements	X	X	X	X	X	X	X	X	X	X	X	X
Indexed Agreements	X	X	X	X	X	X	X	X			X	X
Ancillary Services	X	X										
Options (includes capacity contracts)	X	X	X									
Transmission Agreements	X	X										
Transportation Agreements			X	X	X	X	X					
Storage Agreements			X	X								

Underlying Markets: All Western North America Natural Gas Hubs
The Henry Natural Gas Hub in Louisiana
All WSPP Regional Power Markets
All Western North America Coal Sources

The Risk Committee may approve changes to the Approved Financial Instruments and Physical Products or Underlying Markets as deemed necessary.

B. Authorization to Originate Standard and Non-Standard Transactions Under Approved Energy Supply Plans

	Power		Natural Gas			Oil, Diesel, Propane		Coal		Financial ³		SO2	Carbon
	Commodity	Transmission	Commodity	Transportation	Storage	Commodity	Freight	Commodity	Freight	Swaps	Options	Allowances	Allowances
Director, Gas Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Director, Power Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Manager, Gas Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Manager, Power Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Power Traders	X	X	X	X				X	X	X			X
Gas Traders	X	X	X	X		X	X	X	X	X	X		X
Power Trader - Gendesk	X	X	X	X				X	X				X
Resource Optimization Manager								X	X				

The Risk Committee may approve additions and changes to the Authorization to Originate Transactions prior to the origination of the transaction.

C. Authorization to Originate or Amend Renewables and Non-Standard Transactions Under Approved Energy Supply Plans

	Renewable Power and QFs		Portfolio Energy Credits/Renewable Energy Credits		Power	
	Buy	Sell	Buy	Sell	Buy	Sell
Vice President, Renewables	X		X	X	X	
Director, Renewable Energy & Origination	X	X	X	X	X	X

³ Financial transactions related to energy commodities only.

Director, Contract Management and Special Programs (Amendments/Settling disputes only)	X		X		X	
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The Risk Committee may approve additions and changes to the Authorization to Originate Transactions prior to the origination of the transaction.

D. Individuals Authorized to Enter Into Oral Transactions

- Director, Gas Trading
- Director, Power Trading
- Manager, Gas Trading
- Manager, Power Trading
- Gas Traders
- Power Traders

E. Authorized Signatories – Power and Fuel Contracts and Confirmations

- Chief Executive Officer
- Senior Vice President, Chief Financial Officer and Treasurer
- Vice President, Renewables
- Vice President, Resource Optimization
- Director, Gas Trading
- Director, Power Trading
- Manager, Gas Trading
- Manager, Power Trading
- Resource Optimization Manager

Personnel may not execute contracts or confirmations for transactions they originated.

Signature authority may not be delegated.

F. Authorization Approval Levels for the Execution of Fuel and Purchased Power Transactions and Daily Trades (\$ up to and including)

<i>Title</i>	<i>Limit – RFPs and Daily Trades*</i>	
<i>Chief Executive Officer, Berkshire Hathaway Energy Company</i>	<i>Unlimited</i>	
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>	
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>	
<i>Vice President, Resource Optimization^{[1], [2]}</i>	<i>\$12,500,000</i>	

<i>Director, Trading Analytics & Operations^[3]</i>	<i>\$7,500,000</i>	
<i>Director, Contract Management and Special Programs (Amendments/Settling disputes only)</i>	<i>\$7,500,000</i>	
<i>Director, Gas Trading</i>	<i>\$7,500,000</i>	
<i>Director, Power Trading</i>	<i>\$7,500,000</i>	
<i>Manager, Gas Trading</i>	<i>\$5,000,000</i>	
<i>Manager, Power Trading</i>	<i>\$5,000,000</i>	
<i>Resource Optimization Manager</i>	<i>\$5,000,000</i>	
<i>Traders</i>	<i>\$1,000,000</i>	

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

**** To ensure reliability, approvals of daily trades may happen after trade execution.***

^[1] Applies to transactions longer than one month

^[2] Applies to transactions pertaining to the table in Appendix D, Section C

^[3] Applies to transactions pertaining to the table in Appendix D, Section B

Appendix E: Risk Control Notification Thresholds

A. Commitment Threshold Notification for fuel and purchase power – Per Transaction⁴

<i>Title</i>	<i>Dollar Threshold</i>
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>
<i>Vice President, Resource Optimization</i>	<i>\$12,500,000</i>

The maximum total commitment attributable to a transaction at index will be based on the Companies' best estimate of the index at the time of the transaction.

B. Value-at-Risk Commitment:

⁴ Applies to transactions longer than one month

Company	Level of Confidence	Length of Term	Holding Period	Amount
Nevada Power	95% or higher	Rolling twelve Months	1 year	\$100 million
Sierra Pacific Power	95% or higher	Rolling twelve Months	1 year	\$60 million
Local Distribution Company	95% or higher	Rolling twelve Months	1 year	\$20 million

C. Mark-to-Base Commitment Threshold Notification – Cumulative/Monthly:

Company	Base	Cumulative Change	Notify
Nevada Power	BTER	\$80 million	President
Sierra Pacific Power	BTER	\$50 million	President
Local Distribution Company	BTER	\$10 million	President

Appendix F: Policy Revision Log

Date	Revision(s)
August 28, 2014	<p>Modified Existing Policy.</p> <ol style="list-style-type: none"> Updated titles of personnel. Replaced “Mid-American Energy Holdings Company” with “Berkshire Hathaway Energy Company”. Modified language regarding the Risk Committee’s reviewing and approving Energy Supply Plans and any exceptions to the Energy Supply Plans. Added the definition of “Bookout” and language clarifying which types of “Bookout” transactions are permitted. Made a distinction between standard and non-standard transactions. Clarified when power transactions must be confirmed in writing. Added clarifying language that the Risk Committee is responsible for approving any exceptions to the Energy Supply Plan. Added the management of margining requirements as a Credit Risk Management responsibility. Moved the responsibility for leading the negotiation process of Master Agreements for physical/financial gas, power and carbon from Resource Optimization to Renewable Energy & Origination.

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	<ol style="list-style-type: none"> 8. Added the responsibility for leading the negotiation process for gas storage to Resource Optimization. 9. Added the responsibility for facilitating Requests for Proposals for propane and oil to Resource Optimization. 10. Modified the responsibilities of Renewable Energy & Origination as follows: <ul style="list-style-type: none"> • Negotiating, developing and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds • Leading the negotiation process of Master Agreements for physical/financial gas, power and carbon • Facilitating Requests For Proposals (“RFPs”) for non-standard power, and portfolio credits • Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure. 11. Added oil, diesel, and propane freight and commodity as transactions that gas traders are authorized to originate. 12. Added carbon allowances invoices to Fuel and Purchase Power Accounting’s responsibilities, added gas storage and gas transportation as origination transactions the Manager, Market Operations and Trading is authorized to originate (Buying and Selling). 13. Added gas storage and gas transportation as origination transactions the Manager, Commercial and Trading Strategy is authorized to originate (Buying only). 14. Added the Chief Executive Officer, Director of Renewable Energy and Origination (marketing function employee designated position), Project Manager, Power Origination (Confirms only) as authorized signatories to Power and Fuel Contracts and confirmations. 15. Added a policy revision log.
December 16, 2014	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Changes were made throughout the document to fix references to the appendices. 2. Replaced the acronyms, RECs, PECs, PUCN, WSPP, and CAISO with their full wording. 3. Added Renewable Energy Credit and Portfolio Energy Credit to the terms defined in Appendix A (Definitions). 4. Removed the Company’s Procurement function from the table indicating who is authorized to originate transactions under the Public Utilities Commission of Nevada approved Energy Supply Plans. 5. Removed the Chief Executive Officer of Berkshire Hathaway Energy Company as the top level commitment threshold notification for fuel and purchase power transactions. 6. Changed the Employee Acknowledgement section to read “A list of the Companies counterparties for transactions covered by the policy and their parent organizations will be provided upon request.”
June 3, 2015	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Added the position of Power Marketer, Origination to Appendix D, Section C, (Authorization to Originate or Amend Renewables and Origination Transactions Under Approved Energy Supply Plans).
June 17, 2015	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Updated titles of personnel.

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	<ol style="list-style-type: none"> 2. Modified the existing table in Appendix D, section B to pertain to Standard and Non-standard transactions under approved Energy Supply Plans. 3. Modified the existing table in Appendix D, section C to pertain to Non-standard transactions under approved Energy Supply Plans. 4. Transferred the responsibility for notifying Executive Management per the Energy Supply Commitment Threshold notification levels (Appendix E, section A) from Energy Supply Contract Management to Risk Control. Notification will be made to Executive Management via Risk Committee Meetings instead of via email as was previously done.
July 26, 2017	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Updated the Energy Risk Management and Control Policy to include organizational changes made since the policy was last approved on June 17, 2015. 2. Added propane and portfolio energy credits to the definition of approved commodity. 3. Modified the definition of Portfolio Energy Credit. 4. Changed Renewable Energy Credit to Renewable Energy Benefit. 5. Moved the footnotes reference (3, 4, and 5) to the appropriate page.
May 7, 2018	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Updated titles of personnel 2. Replaced CEO with President
December 19, 2018	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Added footnote on page 3 defining functional area 2. Replace “Chief Accounting Officer” with “Chief Financial Officer” 3. Removed President line item from Authorization Approval Level and Risk Control Notification Threshold charts 4. Removed “Senior” from Senior Vice President, Chief Financial Officer title
December 4, 2019	<ol style="list-style-type: none"> 1. Modified Appendix A – Approved Commodity; added; Renewable energy credits that fall outside the definition of portfolio energy credits. 2. Modified Renewable and Origination responsibilities <ul style="list-style-type: none"> • 3rd bullet to read: Facilitating Request for Proposal (RFPs) for non-standard transactions, portfolio energy credits, other renewable energy credits and qualifying facilities • 7th bullet to read; Managing pre-commercial and commercial energy supply contracts per their terms and conditions, including but not limited to; certifying completion of contractually required milestones, acceptance of commercial operation, and the invoice settlement function for long-term power and certain natural gas contracts
Dec 17, 2020	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Deleted Senior Vice President, Operations throughout policy 2. Change page 24 to 25 on table on content 3. Added “in accordance with section V.D.2” and deleted by the Risk Committee and President (page 3) 4. Added “PUCN and may only be entered into in accordance with Section V.D.2”v deleted without the prior approval of Risk Committee and The Companies will not execute) (page 6) 5. Added Transactions which are not contemplated by an Integrated Resource Plan or Energy Supply Plan may only be entered into if approved by the Risk and the President and added Assistant Treasurer (pg+ 8)

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	6. Removed “A” in front of Risk Committee (pg 13)
July 21, 2021	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Replaced Manager, Market Operations and Trading with Manager, Power & Gas Trading 2. Replaced Project Manager, Forward Trading with Power Trader 3. Replaced Manager, Coal Operations and Procurement with Resource Optimization Manager 4. Replaced Vice President, Resource Optimization with Director, Trading Analytics & Operations 5. Added a dollar limit in Section F for Director, Trading Analytics & Operations to \$7, 500.000 6. Added Section D Power and Natural Gas Trading Limits to Appendix E 7. Updated the CEO and CFO dollar thresholds 8. Added Resource Optimization Manager and Traders to Section F with \$5M and \$1M dollar limits respectfully
November 17, 2021	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1. Updated title of Manager, Contract Management with Director, Contract Management and updated dollar limits for RFP and daily trades 2. Revised a Risk Control responsibility to be consistent with the corresponding SOX control
December 14, 2022	<ol style="list-style-type: none"> 1. Updated titles 2. Moved several responsibilities from the Renewables section to Contract Management’s section
August 1, 2023	<ol style="list-style-type: none"> 1. Changed titles to allow for either Director or Manager of Power and/or Gas Trading consistent with the reorganization and leadership title changes in Resource Optimization.

Appendix G: Employee Acknowledgement

I have been provided a copy of the Companies’ Energy Risk Management and Control Policy dated __August 16, 2023. I have read and familiarized myself with the documents and understand the requirements that apply to my position.

I further understand that each employee must adhere to the requirements of the policy and the associated procedures, and I agree to comply with the provisions of the policy and the associated procedures that apply to my position.

If I am unsure about the interpretation of any of the provisions of the policy, I will seek guidance from my supervisor before taking actions that may be contrary to the policy.

I will not buy or sell any commodity designated as an approved commodity in the policy for my own account or for the benefit of any entity other than the Companies.

A list of the Companies’ counterparties for transactions covered by the policy and their parent organizations will be provided upon request. The attached list identifies all of my direct interests in such counterparties or their parent organizations with a value as of the date hereof greater than one thousand dollars (\$1,000).

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Printed Name

Signature

Date

NV Energy, Inc.
Energy Risk Management and Control Policy

Risk Committee Approval

~~December 14, 2022~~August 16, 2023

This policy should only be distributed to the employees of NV Energy (and its subsidiaries) who need access to the document during the performance of their assigned duties. This policy should not be provided outside the Company without the prior approval of the Risk Committee Chairperson.

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I. Background

NV Energy, Inc. (the Company) has two wholly owned utility subsidiaries, Nevada Power Company (d/b/a NV Energy) and Sierra Pacific Power Company (d/b/a NV Energy) (and together with NV Energy, the 'Companies') who are engaged in the generation, transmission and distribution of electric energy and in the distribution of natural gas in Nevada.

This policy addresses energy risks of the Companies. The officers and management of the Companies are responsible for enforcing this policy and the associated procedures in the areas for which they are responsible. The Companies are exposed to a variety of risks inherent in their commercial operations. Those risks include accidental loss risk, credit risk, energy supply risk, environmental risk, facilities risk, financial risk, information and control systems risk, and other operating risk. In aggregate, these risks constitute the Companies' enterprise risk.

The Companies manage risk in a variety of ways. For example, commitments to generation and transmission and to longer-term energy supply contracts are managed through the resource planning process (including distributed energy resource plans) and culminating with Public Utilities Commission of Nevada (PUCN) approval of the resource plans. Other multiyear risks are managed, in part, through the Companies' strategic planning exercises. Shorter-term risks are managed through annual Energy Supply Plans, budgets, key performance indicators and prioritized objectives by departments or functional area¹.

II. Application and Purpose

This policy will be applied to all physical and financial transactions related to energy procurement, energy sales, and energy hedging in accordance with Energy Supply Plans or Integrated Resource Plans approved by the PUCN as applicable. Any variances from the approved Energy Supply Plans or Integrated Resource Plans must be approved in accordance with Section V.D.2.

III. Policy Objectives

1. Provide preset notification thresholds for transactions entered into pursuant to this policy;
2. Establish sound principles for entering into and managing such transactions; and,

¹ Because organizations change names, responsibilities, and reporting relationships, references in this policy to 'department' or 'departments' is effectively referencing the executive or vice president responsible for that department or functional area.

3. Define the responsibilities for managing and monitoring those risks.

IV. Energy Risk Definition

The Companies are engaged in the generation, transmission and distribution of electricity, and in the distribution of natural gas in Nevada. The Companies deal in the coal, natural gas, oil and wholesale power markets (including renewable) to meet the energy requirements of their customers. They also acquire, develop and operate generating plants that produce electric energy for their customers. In so doing, the Companies are exposed to a variety of risks inherent in their energy supply efforts, including among others: price, volumetric, credit, and operational risk.

V. Energy Risk Management and Control Framework

The Companies will systematically manage price, volumetric and credit risks through three primary vehicles: (i) organization and governance; (ii) energy risk management programs; and (iii) energy risk control practices. Credit risk is addressed by a separate Credit Risk Management and Control Policy.

A. Organization and Governance

1. **Risk Committee:** The Risk Committee will be responsible for overall policy direction of the Companies' energy risk management and control efforts. Specific activities for which the Risk Committee will be responsible are set forth in Appendix B, Section A. The Risk Committee has the right to delegate portions of its assigned duties to one or more committees.
2. **Risk Control:** Risk Control, under the direction of the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will monitor the operations of the Companies to ensure compliance with this policy and the associated procedures. All omissions and exceptions will be reported promptly to the Risk Committee by Risk Control. Risk Control will be responsible for the activities set forth in Appendix C, Section A.
3. **Credit Risk Management:** Credit Risk Management, under the direction of the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will be responsible for managing and mitigating the Companies' credit risk exposures associated with energy and service delivery transactions. Credit Risk Management will be responsible for the activities set forth in Appendix C, Section B.
4. **Resource Optimization:** Resource Optimization, under direction from the Vice President of Resource Optimization, will be responsible for the resource

optimization, balancing, forward trading, and contract negotiation related to fuel and short-term wholesale power. Specific activities for which Resource Optimization will be responsible are set forth in Appendix C, Section C.

5. **Renewables and Origination:** Renewables and Origination, under the direction of the Vice President of Renewables will be responsible for the origination functions related to renewable energy and long-term (i.e., three year or greater term) wholesale power. Specific activities for which Renewables and Origination will be responsible are set forth in Appendix C, Section D.
6. **Resource Planning and Analysis:** Resource Planning and Analysis, under direction from the Vice President, Regulatory, will be responsible for preparation of forecasts of: customer energy requirements; energy and fuel prices; production costs; and fuel requirements. Additionally, Resource Planning and Analysis will develop Integrated Resource Plans and Energy Supply Plans in accordance with the Public Utilities Commission of Nevada resource planning regulations. Specific activities for which Resource Planning and Analysis will be responsible are set forth in Appendix C, Section E.
7. **Fuel and Purchased Power Accounting:** Fuel and Purchased Power Accounting, under direction from the Senior Vice President, Chief Financial Officer and Treasurer and Assistant Treasurer, will be responsible for ensuring transactions are accurately recorded in the financial system of record. Specific activities for which Fuel and Purchased Power Accounting will be responsible are set forth in Appendix C, Section F.

B. Energy Risk Management Program

1. **Portfolio Optimization:** The Companies, through the purchase and sale of the financial instruments and physical products set forth in Appendix D, Section A, will manage the energy risks inherent in the Companies' operations and prepare periodic reports to document the Companies' efforts and comply with legal and regulatory requirements. The Companies' will enter into transactions to balance and optimize their portfolios. However, speculative transactions are not permitted. Bookouts In Lieu of Liquidated Damages are permitted. Bookout transactions for the sole purpose of financial gain or of transactions that were not originally intended for physical delivery are not permitted.
2. **Energy Supply Plans.** The Companies will seek the PUCN approval of Energy Supply Plans to govern the purchase and sale of fuel and wholesale power and the associated transmission and transportation services. The process will include assessments of projected loads and resources, assessments of expected market prices, evaluations of relevant options available to the Companies for the purchase, sale, or optimization of resources, and evaluations of the risk attributable to those portfolio options. The Energy Supply Plans will include recommended courses of action to be followed during the three-year period covered by each plan.

Any energy transactions that deviate from the PUCN approved Energy Supply Plans may only be entered into in accordance with Section V.D.2. The Energy Supply Plans will be reviewed on an ongoing basis and updated at least once a year. Changes in the data and assumptions underlying the approved Energy Supply Plans will be promptly reported to the Risk Committee.

3. **Authorized Products and Authority of Personnel.** The personnel listed in Appendix D, Section B are authorized to originate transactions for the commodities and services indicated.

C. Documenting Transactions and Authorized Signatories

The Companies will not enter into any transaction for the purchase or sale of fuel and wholesale power without a written contract delineating the associated terms and conditions. The contract may be an agreement for a specific transaction, a standard agreement, or a master agreement. Transactions entered into for Energy Supply typically fall into two types: (i) transactions entered into for specific transactions under standard contract practices (“Non-Standard Transactions”), and (ii) transactions entered into orally pursuant to master agreements (“Standard Transactions”). These two types of transactions require different execution and risk control practices.

1. **Non-Standard Transactions.** Non-Standard Transactions are all contracts executed pursuant to this policy that are not Standard Transactions or Online Exchange Transactions. Non-Standard Transactions may be executed by the individuals identified in Appendix D, Section B and Section C in accordance with the Signature Authority Levels in Appendix D, Section F.
2. **Standard Transactions.** Standard Transactions are transactions that are entered into orally pursuant to a master trading agreement (as further discussed below) and subsequently confirmed, in the case of term transactions (one month or more), in writing. Gas transactions of less than one month are not required to be confirmed in writing. Power transactions of less than seven days are not required to be confirmed in writing. Standard transactions will be entered into or confirmed (for transactions entered into via brokers, ICE Chat or other industry acceptable methods) on recorded phone lines. The Companies will maintain telephone systems capable of recording trader transactions. Notices are provided pursuant to the Commitment Notification Thresholds for Oral Transactions as indicated in Appendix E Section A. The individuals indicated in Appendix D, Section D are authorized to enter into oral transactions.
3. **Online Exchange Transactions.** Online Exchange Transactions are transactions that are entered into via an online commodities exchange platform, such as the Intercontinental Exchange (“ICE”). These transactions do not require oral confirmation over a recorded phone line. Online Exchange Transactions are subject to the same notification limits as Oral Transactions. The individuals identified in Appendix D; Section D are authorized to enter into oral transactions.

4. **Master Agreements.** Master agreements include, but are not limited to, the International Swap and Derivatives Association (“ISDA”) Agreement for financial and physical gas transactions (where a physical annex exists), WSPP Inc. Agreement for physical power, and the North America Energy Standard Board (“NAESB”) Agreement for physical gas. Master agreements will be executed by the Vice President of Renewables. When a master agreement is in place, a transaction may be entered into orally in accordance with the terms of the relevant master agreement and subsequently confirmed, in the case of gas transactions (one month or more) and power transactions (seven days or more), in writing. Risk Control shall notify the appropriate personnel if the Dollar Threshold is exceeded in the Table in Appendix E, Section A. Confirmations will be executed by the Manager, Power and Gas Trading or Power Trader.
5. **Authorized Signatories.** The individuals listed in Appendix D, Section E are authorized to execute transactions and confirmations for approved financial and physical instruments on behalf of the Companies provided that such transactions conform to the Energy Supply Plan approved by the Public Utilities Commission of Nevada or as otherwise approved by Risk Committee. Invoices shall be approved in accordance with the signature authority limits of the Corporate Governance and Approvals Policy.

D. Risk Control Practices

Risk Control Practices are established to monitor and manage the risks inherent in the efforts to secure reliable supplies of fuel and wholesale power, and to optimize the portfolio through sales. Risk Control Notification Thresholds have been established to monitor and report risk metrics for transactions entered into by the Companies.

1. **Notification Thresholds:** The Companies will adhere to the notification thresholds set forth in this policy. The notification thresholds fall into three categories: Transaction Approval Notification thresholds, Portfolio Risk Notification thresholds, and Credit Risk Notification thresholds.
2. **Transaction Notification Thresholds.** The transaction notification thresholds relate to the values of contracts to which authorized personnel of the Companies obligate the Companies. Risk Control will report any transactions that exceed the transaction notification thresholds (Appendix E, Section A) monthly to the voting members of the Risk Committee.
3. **Portfolio Risk Control Notification Thresholds:** Value-at-Risk notification thresholds and Mark-to-Base change notification thresholds will be applied to the Companies’ energy procurement and sales activities. Risk Control will report any instances where the Value-at-Risk and Mark-to-Base metrics exceed the portfolio risk control notification thresholds (Appendix E, Sections B and C) monthly to the members of the Risk Committee as they occur.
 - i. **Value-at-Risk Notification Thresholds:** The Value-at-Risk (also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements) notification thresholds set forth in Appendix E, Section B will be the

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notification threshold for the expected maximum increase in fuel and wholesale power costs. The Companies will use methodologies, consistent with industry standards, for calculating the Value-at-Risk for their energy portfolios. Those calculations will incorporate the level of confidence, length of term and holding period set forth in Appendix E, Section B.

- ii. **Mark-to-Base Notification Thresholds:** Base Tariff Energy Rates (BTER) are set at levels that anticipate the Companies' expenditures for fuel and wholesale power. During any period, recovery of expenditures in excess of the revenue produced by those base rates is first offset against sales for the same period. To the extent that expenditures for fuel and wholesale power exceed BTER revenues and offsets for sales, the excess will be deferred. Mark-to-Base will provide an estimate of such deferrals for the current deferral period. It will reflect actual expenditures to date, committed expenditures for the balance of the deferral period, and expected expenditures for uncommitted purchases. The Mark-to-Base Notification thresholds set forth in Appendix E, Section C will trigger notifications if changes in Mark-to-Base Thresholds occur on both a cumulative basis and a month-to-month basis. Mark-to-Base for each deferral period will begin to be assessed three months before the beginning of each deferral period and continue to be assessed until the end of each deferral period.
4. **Energy Credit Risk Notification Thresholds:** All Energy Credit Risk Notifications shall be made in accordance with the Credit Risk Management and Control Policy.
5. **Exception Management Process:** The Risk Committee may approve exceptions to this policy and to the plans and procedures developed in accordance with this policy. Transactions which are not contemplated by an Integrated Resource Plan or Energy Supply Plan may only be entered into if approved by the Risk Committee and the President.
6. **Procedures:** The Companies will maintain procedures for reporting exceptions and notifications pursuant to this policy and the plans and procedures developed in accordance with this policy. The procedures will have provisions for the prompt notification of the Treasurer or Assistant Treasurer, who will, in turn, be responsible for notifying the Companies' personnel responsible for resolution of the exception, and the Risk Committee. Presentations to the Risk Committee will include descriptions of the exceptions, proposed courses of action to resolve the exceptions, and schedules for resolving the exceptions.

VI. Compliance

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All personnel who are or may become involved in any energy procurement or sale activities or otherwise influence the energy procurement or sale decisions covered by this policy will be provided a copy of this policy and any associated procedures. Company personnel are prohibited from buying and selling any approved commodity for their own account or for the benefit of any entity other than the Companies. Additionally, Company personnel are required to disclose any significant direct interest² in any of the Companies' counterparties for transactions covered by this policy. To facilitate that disclosure, a listing of the Companies' counterparties and their parent organizations will be made available upon request.

Personnel who are or may become involved in any energy procurement or sale activities covered by this policy will be familiar with this policy and any associated procedures and solicit clarification of any areas that they do not understand. Each such employee will be advised of their responsibilities as set forth in the Employment Acknowledgement, Appendix G, confirming his or her understanding of the policy requirements, and confirming his or her agreement to fully comply with those requirements. Each such employee also will be required to complete an Employee Acknowledgment form whenever substantive updates are made, or at one-year intervals, whichever comes first. Consistent with the Employee Acknowledgement form:

1. Each employee will have an affirmative duty to alert management immediately upon learning of any potential violations of this policy.
2. Each employee also will have an affirmative duty to alert management immediately upon learning of any risks not adequately covered by this policy and the associated procedures, methodologies, and systems.

² For the purposes of this policy, a direct interest will be defined as the direct ownership of shares in a publicly traded entity or an ownership interest in a privately held entity. A significant direct interest will be one with a current value greater than one thousand dollars. The ownership of shares via a mutual fund will not be deemed a direct interest

Appendix A: Definitions

Aggregate Exposure	An estimate of the current cost of replacing all of the contracts with a counterparty.
Approved Commodity	Electricity, natural gas, propane, coal, oil, and portfolio energy credits together with derivatives that are linked to those commodities and transmission or transportation services for those commodities. Renewable energy credits that fall outside the definition of portfolio energy credits.
Bookouts	An agreement entered into subsequent to an agreement for the physical delivery of a commodity to cancel an outstanding agreement by the parties involved, through cash settlement of the difference between the price specified in the agreement and an acceptable reference price. A Bookout must be memorialized in a subsequent agreement in writing between the parties involved to comply with Dodd-Frank regulations.
Bookouts In Lieu of Liquidated Damages	An agreement entered into to cancel an outstanding delivery obligation or portion thereof in lieu of the payment of liquidated damages by the parties involved, through cash settlement of the difference between the price specified in the agreement and an acceptable reference price.
Counterparty	An entity that has entered into a contract with one of the Companies.
Energy Supply Plans	Plans that the Companies will develop to govern the purchase and sale of fuel and wholesale power and the associated transmission and transportation services. Energy Supply Plans will cover three-year periods.
Financial Instruments	Swaps, options, futures, and options on futures entered into to hedge risks.
Fixed Price Agreement	A contract in which the price of the commodity or service is set at a particular level when the contract is executed.
Forwards	Agreements to buy or sell a quantity of a product, at an agreed price, for delivery at a specific location and for a future period and traded over the counter directly with counterparties.
Indexed Agreement	A contract in which the price of the commodity or service is tied to one or more published indices.

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Liquid Market	A market characterized by narrow bid/offer spreads, easy access to reliable price data, and small movements in prices as a result of sizable transactions.
Mark-to-Base	An estimate of costs that may be deferred through deferred energy or purchased gas adjustment accounting.
Mark-to-Market	The value of a financial or physical instrument, or an aggregation of such instruments, at the Companies' best estimate of current market prices.
Options	Instruments which give the holder the right, but not the obligation, to sell or buy the underlying commodity at specified prices, times, and locations.
Physical Instrument	A contract for a commodity under which the Companies expect to take delivery of the specified commodity.
Portfolio Energy Credit	A credit that is earned through energy produced or saved from a renewable energy system or energy efficiency measure. These credits are issued to any eligible renewable energy producer as defined in Nevada Revised Statute 704.7811. These credits may be purchased and sold to meet the Renewable Portfolio Standard.
Products	Commodities with specific characteristics like electricity delivered during predefined periods.
Renewable Energy Benefits	Represents the property rights to the environmental, societal, and other nonpower qualities of renewable electricity generation. A Portfolio Energy Credit and its associated attributes and benefits can be sold separately from the underlying physical electricity associated with a renewable-based generation source.
Swaps	Agreements to exchange net future cash flows or physical positions.
Transaction	A contract obligating the Companies to buy or sell physical commodities and services. Transactions will also include monetary obligations incurred through financial instruments.
Transmission Agreement	A contract to move electricity from one point to another. Such contracts are frequently referred to as "wheeling" agreements.
Transportation Agreement	A contract to move coal, natural gas, or oil from one point to another.

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Value-at-Risk (also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)	The expected maximum increase in fuel and wholesale power costs over a target horizon within a given confidence interval and holding period. Value-at-Risk serves as a gauge of market exposure, summarizing the total market risk in a portfolio of assets.
Western North America Coal Sources	Coal mines in the States of Arizona, Colorado, New Mexico, Utah, and Wyoming that produce coal that can be burned efficiently and effectively in the Companies' generating units.
Western North America Natural Gas Hubs	Locations in the western half of the United States and Canada at which natural gas is traded in quantities sufficiently large to ensure liquid markets.
WSPP Regional Power Markets	Locations in the western half of the United States and Canada at which electricity is traded in quantities sufficiently large to ensure liquid markets. Such electricity is often traded under the provisions of the WSPP agreement.

Appendix B: Areas of Responsibility - Committee

Risk Committee: The Risk Committee will be responsible for:

- Assessing the appropriateness of the Companies' energy supply risk management and control activities and making recommendations for modifications to existing policies;
- Approving changes and exceptions as designated in specific sections of this Policy and ensuring the ongoing availability of procedures required to implement those policies or any changes to them;
- Assessing the systems required to monitor, record, and report on the risks inherent in the Companies' energy supply related activities and making recommendations for improvements to existing risk policies;
- Approving Energy Supply Plans;
- Reviewing all transactions requiring exceptions to the applicable policies and procedures;
- Reviewing and approving all energy procurement and sale transactions that are Transactions not transacted in accordance with the Energy Supply Plan, requiring the approval of the President;
- Reviewing all violations of notification thresholds and processes established under this policy, approving, or recommending for approval remedies of the violations, and monitoring progress of such remedies; and
- Assigning the completion of any other activities to guide the overall policy direction of the Companies' energy risk management and control efforts; and,
- Approving any exceptions to the Energy Supply Plan.

Appendix C: Areas of Responsibility – Departments

A. Risk Control: Risk Control is responsible for:

- Monitoring compliance with the Energy Risk Management and Control Policy and reporting exceptions;
- Disseminating this policy to the Companies' personnel who will be affected by this policy;
- Measuring the Companies' energy portfolio exposures and comparing the measurements against approved exposure notification thresholds;
- Accumulating risk control information for the Companies;
- Creating monthly risk control reports;
- Assessing proposed modifications to risk control policies and notification thresholds based on changing business or market conditions;
- Recommending the appropriate level of risk - within approved notification thresholds - to be accepted on behalf of the Companies;
- Each business day, review sample of 1 - 5 trades by listening to phone recordings or ICE Chat (gas/power) and verifying that transactions are in the trader log and TRM for natural gas or Allegro and OATI for power; and,
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification levels set forth in Appendix E, Section A.

B. Credit Risk Management: Credit Risk Management is responsible for:

- Assessing the creditworthiness of counterparties;

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- Approving counterparties and establishing credit ratings for them before the Companies enter into energy-related transactions with them;
- Maintaining the Companies' lists of approved bidders;
- Monitoring and reporting on the creditworthiness of wholesale fuel and power counterparties;
- Reviewing and reporting on all contractual credit terms;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Notifying Resource Optimization leadership when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk;
- Resolving credit issues with counterparties;
- Calculating collateral requirements to be posted by counterparties and overseeing the receipt of that collateral;
- Maintaining records of the collateral posted by counterparties;
- Calculating collateral requirements and managing collateral posted by the Companies; and,
- Managing margining requirements.

C. Resource Optimization: Resource Optimization is responsible for:

- Negotiating, developing, and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds;
- Identifying prospective counterparties and presenting viable entities to Credit Risk Management for approval;
- Facilitating Requests For Proposals ("RFPs") for standard power, natural gas, coal, propane, and oil;
- Verifying the accuracy of financial/physical gas, carbon allowances, and spot power invoices received by the Companies related to short-term power, transmission, and California Independent System Operator market transactions;
- Leading the negotiation process for certain natural gas transportation contracts and gas storage;
- Recording transactions for accounting and contract management purposes, distributing the records, and adjusting the records as a result of actualization activities;
- Reviewing confirmations for accuracy prior to approval; and,
- Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure.

D. Renewables and Origination: Renewables and Origination is responsible for:

- Negotiating, developing, and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds;
- Leading the negotiation process of Master Agreements for power and carbon;
- Facilitating Requests For Proposals ("RFPs") for non-standard transactions, portfolio energy credits, other renewable energy credits, and qualifying facilities;
- Managing customer programs and executing associated commercial transactions;

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- Performing due diligence and all associated tasks for asset acquisitions and specific asset developments to meet customer or resource planning needs;
- Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure;
-
- Leading the negotiation process for non-standard power contract amendments;
- Providing contract support to Resource Optimization, Credit Risk Management, Contract Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

E. Resource Planning and Analysis: Resource Planning and Analysis is responsible for:

- Developing forecasts of energy and fuel prices;
- Estimating the Companies fuel and energy requirements and the associated costs;
- Developing Integrated Resource Plans;
- Developing Energy Supply Plans and associated risk management strategies;
- Analyzing energy resources available to the Companies to help to ensure the optimal use of those resources; and,
- Preparing or assisting with the preparation of periodic reports.

F. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for:

- Verifying the accuracy of financial/physical gas, carbon allowances, and spot power invoices received by the Companies;
- Resolving issues regarding financial/physical gas, carbon allowances, and spot power invoices received by the Companies;
- Submitting final invoices to authorized personnel for approval;
- Preparing and issuing invoices for sales to counterparties;
- Verifying the settlement amounts from financial transactions;
- Accounting for all transactions;
- Reconciling the accounts to confirm the accuracy of the energy accounting;
- Ensuring the timely collection of receivables attributable to sales of energy and fuel;
- Supervising the payment and receipt of all settlements from financial transactions; and,
- Preparing designated reports.

G. Contract Management: Contract Management is responsible for:

- Managing pre-commercial and commercial energy supply contracts per their terms and conditions, including but not limited to; certifying completion of contractually required milestones, acceptance of commercial operation, and the invoice settlement function for long-term power and certain natural gas contracts;
- Maintaining counterparty contract and trading status information in the systems of record;
- Managing the confirmation process for term physical/financial gas and power transactions;

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- Maintaining energy supply contracts in accordance with the Corporate Records Retention Schedule; and,
- Providing contract support to Resource Optimization, Credit Risk Management, Contract Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

Appendix D : Resource Procurement and Sale Constraints

A. Approved Financial Instruments and Physical Products

Instrument	Commodity											
	Power		Natural Gas		Coal		Oil, Diesel, Propane		SO2 Allowances		Carbon Allowances	
	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Financial Instruments												
Forwards	X	X	X	X			X				X	X
Options	X	X	X	X			X					
Swaps	X	X	X	X			X					
Physical Products and Instruments												
Spot Agreements	X	X	X	X	X	X	X	X			X	X
Fixed Price Agreements	X	X	X	X	X	X	X	X	X	X	X	X
Indexed Agreements	X	X	X	X	X	X	X	X			X	X
Ancillary Services	X	X										
Options (includes capacity contracts)	X	X	X									
Transmission Agreements	X	X										
Transportation Agreements			X	X	X	X	X					
Storage Agreements			X	X								

Underlying Markets: All Western North America Natural Gas Hubs
The Henry Natural Gas Hub in Louisiana
All WSPP Regional Power Markets
All Western North America Coal Sources

The Risk Committee may approve changes to the Approved Financial Instruments and Physical Products or Underlying Markets as deemed necessary.

B. Authorization to Originate Standard and Non-Standard Transactions Under Approved Energy Supply Plans

	Power		Natural Gas			Oil, Diesel, Propane		Coal		Financial ³		SO2	Carbon
	Commodity	Transmission	Commodity	Transportation	Storage	Commodity	Freight	Commodity	Freight	Swaps	Options	Allowances	Allowances
Director, Gas Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Director, Power Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Manager, Gas Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Manager, Power and Gas Trading	X	X	X	X	X	X	X	X	X	X	X	X	X
Power Traders	X	X	X	X				X	X	X			X
Gas Traders	X	X	X	X		X	X	X	X	X	X		X
Power Trader - Gendesk	X	X	X	X				X	X				X
Resource Optimization Manager								X	X				

The Risk Committee may approve additions and changes to the Authorization to Originate Transactions prior to the origination of the transaction.

C. Authorization to Originate or Amend Renewables and Non-Standard Transactions Under Approved Energy Supply Plans

	Renewable Power and QFs		Portfolio Energy Credits/Renewable Energy Credits		Power	
	Buy	Sell	Buy	Sell	Buy	Sell
Vice President, Renewables	X		X	X	X	
Director, Renewable Energy & Origination	X	X	X	X	X	X

³ Financial transactions related to energy commodities only

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Director, Contract Management and Special Programs (Amendments/Settling disputes only)	X		X		X	
--	---	--	---	--	---	--

The Risk Committee may approve additions and changes to the Authorization to Originate Transactions prior to the origination of the transaction.

D. Individuals Authorized to Enter Into Oral Transactions

- Director, Gas Trading
- Director, Power Trading
- Manager, Gas Trading
- ~~Manager, Power and Gas Trading~~
- Gas Traders
- Power Traders

E. Authorized Signatories – Power and Fuel Contracts and Confirmations

- Chief Executive Officer
- Senior Vice President, Chief Financial Officer and Treasurer
- Vice President, Renewables
- Vice President, Resource Optimization
- Director, Gas Trading
- Director, Power Trading
- Manager, Gas Trading
- ~~Manager, Power and Gas Trading~~
- Resource Optimization Manager

Personnel may not execute contracts or confirmations for transactions they originated.

Signature authority may not be delegated.

F. Authorization Approval Levels for the Execution of Fuel and Purchased Power Transactions and Daily Trades (\$ up to and including)

Title	Limit – RFPs and Daily Trades*	
Chief Executive Officer, Berkshire Hathaway Energy Company	Unlimited	
Chief Executive Officer	\$100,000,000	
Senior Vice President, Chief Financial Officer and Treasurer	\$25,000,000	
Vice President, Resource Optimization ^{11, 12}	\$12,500,000	

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Director, Trading Analytics & Operations ^[1]	\$7,500,000	
Director, Contract Management and Special Programs (Amendments/Settling disputes only)	\$7,500,000	
Director, Gas Trading	\$7,500,000	
Director, Power Trading	\$7,500,000	
Manager, Gas Trading	\$5,000,000	
Manager, Power and Gas Trading	\$5,000,000	
Resource Optimization Manager	\$5,000,000	
Traders	\$1,000,000	

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

*** To ensure reliability, approvals of daily trades may happen after trade execution.**

^[1] Applies to transactions longer than one month

^[2] Applies to transactions pertaining to the table in Appendix D, Section C

^[3] Applies to transactions pertaining to the table in Appendix D, Section B

Appendix E: Risk Control Notification Thresholds

A. Commitment Threshold Notification for fuel and purchase power – Per Transaction⁴

Title	Dollar Threshold
Chief Executive Officer	\$100,000,000
Senior Vice President, Chief Financial Officer and Treasurer	\$25,000,000
Vice President, Resource Optimization	\$12,500,000

The maximum total commitment attributable to a transaction at index will be based on the Companies' best estimate of the index at the time of the transaction.

B. Value-at-Risk Commitment:

⁴ Applies to transactions longer than one month

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Company	Level of Confidence	Length of Term	Holding Period	Amount
Nevada Power	95% or higher	Rolling twelve Months	1 year	\$100 million
Sierra Pacific Power	95% or higher	Rolling twelve Months	1 year	\$60 million
Local Distribution Company	95% or higher	Rolling twelve Months	1 year	\$20 million

C. Mark-to-Base Commitment Threshold Notification – Cumulative/Monthly:

Company	Base	Cumulative Change	Notify
Nevada Power	BTER	\$80 million	President
Sierra Pacific Power	BTER	\$50 million	President
Local Distribution Company	BTER	\$10 million	President

Appendix F: Policy Revision Log

Date	Revision(s)
August 28, 2014	<p>Modified Existing Policy</p> <ol style="list-style-type: none"> Updated titles of personnel Replaced “Mid-American Energy Holdings Company” with “Berkshire Hathaway Energy Company” Modified language regarding the Risk Committee’s reviewing and approving Energy Supply Plans and any exceptions to the Energy Supply Plans Added the definition of “Bookout” and language clarifying which types of “Bookout” transactions are permitted Made a distinction between standard and non-standard transactions Clarified when power transactions must be confirmed in writing Added clarifying language that the Risk Committee is responsible for approving any exceptions to the Energy Supply Plan Added the management of margining requirements as a Credit Risk Management responsibility Moved the responsibility for leading the negotiation process of Master Agreements for physical/financial gas, power and carbon from Resource Optimization to Renewable Energy & Origination

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	<p>8 Added the responsibility for leading the negotiation process for gas storage to Resource Optimization</p> <p>9 Added the responsibility for facilitating Requests for Proposals for propane and oil to Resource Optimization</p> <p>10 Modified the responsibilities of Renewable Energy & Origination as follows:</p> <ul style="list-style-type: none"> • Negotiating, developing and executing transaction plans consistent with the approved Energy Supply Plans and the associated notification thresholds • Leading the negotiation process of Master Agreements for physical/financial gas, power and carbon • Facilitating Requests For Proposals (“RFPs”) for non-standard power, and portfolio credits • Coordinating with Risk Control and Credit Risk Management to manage or mitigate any risk exposure <p>11 Added oil, diesel, and propane freight and commodity as transactions that gas traders are authorized to originate</p> <p>12 Added carbon allowances invoices to Fuel and Purchase Power Accounting’s responsibilities, added gas storage and gas transportation as origination transactions the Manager, Market Operations and Trading is authorized to originate (Buying and Selling)</p> <p>13 Added gas storage and gas transportation as origination transactions the Manager, Commercial and Trading Strategy is authorized to originate (Buying only)</p> <p>14 Added the Chief Executive Officer, Director of Renewable Energy and Origination (marketing function employee designated position), Project Manager, Power Origination (Confirms only) as authorized signatories to Power and Fuel Contracts and confirmations</p> <p>15 Added a policy revision log</p>
December 16, 2014	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Changes were made throughout the document to fix references to the appendices 2 Replaced the acronyms, RECs, PECs, PUCN, WSPP, and CAISO with their full wording 3 Added Renewable Energy Credit and Portfolio Energy Credit to the terms defined in Appendix A (Definitions) 4 Removed the Company’s Procurement function from the table indicating who is authorized to originate transactions under the Public Utilities Commission of Nevada approved Energy Supply Plans 5 Removed the Chief Executive Officer of Berkshire Hathaway Energy Company as the top level commitment threshold notification for fuel and purchase power transactions 6 Changed the Employee Acknowledgement section to read “A list of the Companies counterparties for transactions covered by the policy and their parent organizations will be provided upon request ”
June 3, 2015	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Added the position of Power Marketer, Origination to Appendix D, Section C, (Authorization to Originate or Amend Renewables and Origination Transactions Under Approved Energy Supply Plans)
June 17, 2015	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Updated titles of personnel

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	<ol style="list-style-type: none"> 2 Modified the existing table in Appendix D, section B to pertain to Standard and Non-standard transactions under approved Energy Supply Plans 3 Modified the existing table in Appendix D, section C to pertain to Non-standard transactions under approved Energy Supply Plans 4 Transferred the responsibility for notifying Executive Management per the Energy Supply Commitment Threshold notification levels (Appendix E, section A) from Energy Supply Contract Management to Risk Control Notification will be made to Executive Management via Risk Committee Meetings instead of via email as was previously done
July 26, 2017	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Updated the Energy Risk Management and Control Policy to include organizational changes made since the policy was last approved on June 17, 2015 2 Added propane and portfolio energy credits to the definition of approved commodity 3 Modified the definition of Portfolio Energy Credit 4 Changed Renewable Energy Credit to Renewable Energy Benefit 5 Moved the footnotes reference (3, 4, and 5) to the appropriate page
May 7, 2018	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Updated titles of personnel 2 Replaced CEO with President
December 19, 2018	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Added footnote on page 3 defining functional area 2 Replace "Chief Accounting Officer" with "Chief Financial Officer" 3 Removed President line item from Authorization Approval Level and Risk Control Notification Threshold charts 4 Removed "Senior" from Senior Vice President, Chief Financial Officer title
December 4, 2019	<ol style="list-style-type: none"> 1 Modified Appendix A – Approved Commodity; added; Renewable energy credits that fall outside the definition of portfolio energy credits 2 Modified Renewable and Origination responsibilities <ul style="list-style-type: none"> • 3rd bullet to read: Facilitating Request for Proposal (RFPs) for non-standard transactions, portfolio energy credits, other renewable energy credits and qualifying facilities • 7th bullet to read: Managing pre-commercial and commercial energy supply contracts per their terms and conditions, including but not limited to; certifying completion of contractually required milestones, acceptance of commercial operation, and the invoice settlement function for long-term power and certain natural gas contracts
Dec 17, 2020	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Deleted Senior Vice President, Operations throughout policy 2 Change page 24 to 25 on table on content 3 Added "in accordance with section V D 2" and deleted by the Risk Committee and President (page 3) 4 Added "PUCN and may only be entered into in accordance with Section V D 2"v deleted without the prior approval of Risk Committee and The Companies will not execute) (page 6) 5 Added Transactions which are not contemplated by an Integrated Resource Plan or Energy Supply Plan may only be entered into if approved by the Risk and the President and added Assistant Treasurer (pg+ 8)

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	6 Removed "A" in front of Risk Committee (pg 13)
July 21, 2021	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Replaced Manager, Market Operations and Trading with Manager, Power & Gas Trading 2 Replaced Project Manager, Forward Trading with Power Trader 3 Replaced Manager, Coal Operations and Procurement with Resource Optimization Manager 4 Replaced Vice President, Resource Optimization with Director, Trading Analytics & Operations 5 Added a dollar limit in Section F for Director, Trading Analytics & Operations to \$7,500,000 6 Added Section D Power and Natural Gas Trading Limits to Appendix E 7 Updated the CEO and CFO dollar thresholds 8 Added Resource Optimization Manager and Traders to Section F with \$5M and \$1M dollar limits respectfully
November 17, 2021	<p>Modified Existing Policy:</p> <ol style="list-style-type: none"> 1 Updated title of Manager, Contract Management with Director, Contract Management and updated dollar limits for RFP and daily trades 2 Revised a Risk Control responsibility to be consistent with the corresponding SOX control
December 14, 2022	<ol style="list-style-type: none"> 1 Updated titles 2 Moved several responsibilities from the Renewables section to Contract Management's section
August 1, 2023	<ol style="list-style-type: none"> 1 <u>Changed titles to allow for either Director or Manager of Power and/or Gas Trading consistent with the reorganization and leadership title changes in Resource Optimization.</u>

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Appendix G: Employee Acknowledgement

I have been provided a copy of the Companies' Energy Risk Management and Control Policy dated ~~December 14, 2022~~ August 16, 2023. I have read and familiarized myself with the documents and understand the requirements that apply to my position.

I further understand that each employee must adhere to the requirements of the policy and the associated procedures, and I agree to comply with the provisions of the policy and the associated procedures that apply to my position.

If I am unsure about the interpretation of any of the provisions of the policy, I will seek guidance from my supervisor before taking actions that may be contrary to the policy.

I will not buy or sell any commodity designated as an approved commodity in the policy for my own account or for the benefit of any entity other than the Companies.

A list of the Companies' counterparties for transactions covered by the policy and their parent organizations will be provided upon request. The attached list identifies all of my direct interests in such counterparties or their parent organizations with a value as of the date hereof greater than one thousand dollars (\$1,000).

NV Energy, Energy Risk Management and Control Policy

Printed Name

Signature

Date

NV ENERGY

NATURAL GAS PROCEDURES MANUAL

August 16, 2023

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I. Introduction

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific Power”) (together, the “Companies”) are engaged in the generation, transmission and distribution of electric energy in Nevada and the distribution of natural gas in northern Nevada through the Gas Division of Sierra Pacific Power. The Companies deal in the natural gas markets to meet a portion of the energy requirements of their customers.

This manual applies to all physical and financial transactions related to the Companies’ natural gas activities. The primary purpose of this manual is to assure the efficient and accurate processing of natural gas transactions, the effective preparation and distribution of information relating to those trading activities, and the effective management of those trading activities.

These procedures are consistent with the provisions of the Energy Risk Management and Control Policy. This manual may be updated to reflect changes to the Energy Risk Management and Control Policy.

The Companies have adopted and may in the future adopt other policies and procedures that may impact the Companies’ natural gas activities. This manual will complement the Power Procedures Manual, Energy Risk Management and Control Policy, and Credit Risk Management and Control Policy.

II. Organization Framework

A. Overview: The policy framework governing the Companies’ natural gas transactions is set forth in the Energy Risk Management and Control Policy. This section of the manual outlines the responsibilities of the various Company groups to support the Companies’ natural gas procurement and sale activities. These company groups include: Credit Risk Management, Energy Supply Contract Management, Fuel and Purchased Power Accounting, Market Analytics, Market Operations and Trading, Resource Planning and Analysis, Risk Control, and Trading Operations.

B. Credit Risk Management is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to natural gas;
- Approving counterparties for transactions related to natural gas before the Companies enter into transactions with them;
- Maintaining the Companies’ list of approved counterparties for transactions related to natural gas;
- Maintaining, updating, and reviewing the Master Bidders’ List;
- Monitoring and reporting on the creditworthiness of counterparties;
- Calculating potential exposures related to natural gas transactions;
- Calculating collateral requirements, if any, to be posted by counterparties and overseeing the receipt of collateral;

- Maintaining records of the collateral posted by counterparties; the original collateral is kept in Credit Risk Management;
- Resolving credit issues with counterparties;
- Maintaining a list of unresolved credit concerns;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to natural gas; and
- Notifying Manager, Power and Gas Trading when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk.

C. Energy Supply Contract Management is responsible for:

- Leading the negotiation process of Master Trading Agreements for physical and financial natural gas transactions (e.g. North American Energy Standards Board (“NAESB”) Agreement, International Swap and Derivatives Association (“ISDA”) Agreement);
- Maintaining the master trading agreements and associated physical and financial gas Confirmations and physical gas transportation contracts in accordance with the Corporate Records Retention Schedule;
- Maintaining physical and financial gas counterparty contract and trading status information in the system of record;
- Managing the Confirmation process for gas transactions, i.e.,:
 - Reviewing the terms and conditions included in Confirmations received from counterparties to ensure consistency with the system of record and Legal, and Credit Risk Management requirements;
 - As required, sending Confirmations to counterparties where the terms and conditions are consistent with the system of record and Legal, and Credit Risk Management requirements;
 - Facilitating the Confirmation execution process;
- Maintaining the NV Energy Contact List for use by the physical gas transportation counterparties;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification level set forth in the Energy Risk Management and Control Policy;
- Facilitating the annual renewal process, as needed, for physical gas transportation contracts;
- Acting as a liaison between physical gas transportation counterparties (whose pipelines interconnect with NV Energy’s generating units) and Resource Optimization to ensure the reason, timing, and duration of pipeline planned outages is transparent and agreeable to Resource Optimization and the Balancing Authority, to the extent feasible;
- Verifying natural gas transport pipeline invoices;
- Resolving issues regarding those invoices; and
- Providing general contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analysis, and Fuel & Purchased Power Accounting.

D. Fuel and Purchased Power Accounting is responsible for:

- Verifying the accuracy of invoices received by the Companies for transactions related to natural gas;
- Resolving issues regarding those invoices;
- Submitting final invoices to authorized personnel for approval;
- Processing settlement packages and presenting them to Accounts Payable or Treasury for payment;
- Processing approved pre-payments and presenting them to Accounts Payable or Treasury for payment;
- Preparing and issuing invoices for sales of natural gas to counterparties;
- Ensuring the timely collection of receivables attributable to sales of natural gas;
- Verifying the settlement amounts from financial transactions;
- Supervising the payment and receipt of all settlements flowing from financial transactions related to natural gas;
- Preparing or assisting with the preparation of periodic reports;
- Preparing and submitting FERC forms;
- Accounting for all transactions related to natural gas;
- Working with Risk Control to arrange for the adjustment of the Companies' records if necessary to reflect data from the final invoices;
- Completing the settlement process for financial options based on information from the system of record; and
- Reconciling the accounts to confirm the accuracy of the natural gas accounting.

E. Resource Optimization is responsible for:

- Executing transactions in accordance with the Energy Risk Management and Control Policy, and in compliance with regulatory requirements, company policies, procedures, and the Energy Supply Plans;
- Identifying opportunities to optimize the energy portfolio;
- Originating, negotiating and executing natural gas transactions, including physical and financial natural gas request for proposals, utilizing unused assets, for balancing and optimization;
- Originating, negotiating and executing asset management agreements, natural gas supply for purchase power agreements, and transport and storage contracts less than 2 years;
- Originating, negotiating and executing oil, diesel, and propane freight and commodity agreements;
- Issuing and facilitating all natural gas request for proposal process;
- Price discovery;
- Acquiring sign off for the physical gas request for proposal, principles document and transaction plans;
- Review and approval of invoices and confirmations related to natural gas transactions;
- Assisting with the development of the portion of the Companies' Energy Supply Plans pertaining to gas;
- Coordinating the physical delivery of natural gas in accordance with industry standards;
- Identifying prospective counterparties;
- Presenting viable counterparties to Credit Risk Management for review and approval;

- Preparing or assisting with the preparation of periodic reports;
- Entering data for the Companies transactions related to natural gas into the deal capture system;
- Recording incidents of material supplier non-performance and other unacceptable acts or omissions, and notifying Manager, Power and Gas Trading;
- Checking transactions for compliance with limits and seeking prior approval if a transaction will exceed limits set forth in Appendix A;
- Amending transactions per Risk Control;
- Not allowing increased refreshed bids related to financial gas transactions;
- Corresponding directly with Credit Risk Management and Legal to finalize contract language;
- Acting as the 24 hour emergency point of contact for gas pipelines' operations groups;
- Logging gas resource adequacy conditions, emergency conditions, and other required information relating to gas; and
- Maintaining FERC compliance including shipper must have title rule and prohibited buy-sell rule.

F. Market Analytics is responsible for the following duties related to transactions for the day-ahead and less than two years:

- Preparing short-term forecasts of natural gas requirements for generating plants (gas requirements for the Gas Division are provided by Gas Distribution);
- Preparing or assisting with the preparation of periodic reports;
- Providing analytical support and documentation for request for proposals, daily, and forward trading activities including physical gas, financial products, and transportation;
- Providing analytical support and documentation for gas hedging;
- Preparing or assisting with the preparation of periodic reports;
- Monitoring compliance with the Companies' policies per the Energy Risk Management and Control Policy; and
- Developing, establishing, implementing, and maintaining methodologies, models, and techniques facilitating energy risk management, as necessary.

G. Resource Planning and Analysis is responsible for:

- Preparing estimates of the natural gas required to meet those energy requirements;
- Developing forecasts of natural gas prices;
- Developing the long term gas transportation strategy;
- Developing the Companies' Energy Supply Plans and Sierra Pacific Power's Gas Information Report;
- Provide gas burn projections for the physical gas request for proposals;
- Analyzing long term (two or more years) gas related resources available to the Companies to help to ensure the optimal choice of resources;
- Originating, negotiating and executing transport and storage contracts greater than two years;
- Preparing or assisting with the preparation of periodic reports;
- Facilitating the amendment process for physical gas transportation contracts;

- Monitoring Federal Energy Regulatory Commission (“FERC”) filings;
- Monitoring pipeline tariff filings;
- Facilitating natural gas hedging workshops with members of the Public Utilities Commission of Nevada (“PUCN”) and the Bureau of Consumer Protection; and
- Assisting with FERC proceedings related to natural gas interstate pipelines.

H. Risk Control is responsible for:

- Verifying that the actual MMBtu and \$/MMBtu within the deal capture system are correct and notifying Market Operations and Trading of any discrepancies;
- Enter indices into the deal capture system;
- Arranging for the adjustment of data entered into the deal capture system if necessary to reconcile data from tapes of transactions, final invoices and/or other records;
- Providing mark-to-market for financial gas hedges at current forward;
- Preparing or assisting with the preparation of periodic reports; and
- Monitoring compliance with the Companies’ policies per the Energy Risk Management and Control Policy.

I. Trading Operations is responsible for:

- Preparing real-time forecasts of natural gas requirements for generating plants (gas requirements for the Local Distribution Company are provided by Gas Operations within Gas Delivery);
- Logging gas resource adequacy conditions, emergency conditions, and other required information relating to gas; and
- Managing generating plants gas usage within tolerances.

III. Optimizing Natural Gas Assets

In accordance with the Energy Risk Management and Control Policy and in compliance with all regulatory requirements and Company policies, and obligations, the Company will:

- Develop strategies
- Establish trading partners
- Analyze positions
- Determine potential opportunities
- Prepare valuations
- Provide analytical support documentation for trading activities and hedging
- Execute transactions in accordance with the approved Energy Supply Plans
- Control risk, accuracy and assurance
- Conduct performance review
- Record retention

A. Energy Supply Plans: Each of the Companies will maintain an approved Energy Supply Plan to govern the purchase and sale of natural gas and the associated transportation services. Natural gas transactions are entered into pursuant to the Companies Energy

Supply Plans. The Companies will not execute any material transactions that deviate from the approved Energy Supply Plans without the prior approval of the Risk Committee.

- B. Approved Suppliers:** Credit Risk Management is responsible for maintaining the Companies' lists of approved suppliers. The Companies will not execute any transactions with entities that are not in the approved system of record.

A prospective supplier may be added to the list of approved suppliers after its ability to perform in accordance with its commitments has been confirmed. Credit Risk Management is responsible for soliciting the information needed to investigate a prospective supplier. Credit Risk Management is responsible for evaluating the prospective supplier's performance and financial condition. The prospective supplier will only be added to the list of approved suppliers if the performance and financial reviews support a conclusion that the prospective supplier will be able to perform in accordance with the obligations inherent in the types of transactions for which the supplier is being considered.

A supplier may be removed from the list of approved suppliers:

- If additional transactions with the supplier would cause limits set forth in the Energy Risk Management and Control Policy to be exceeded¹, Credit Risk Management is responsible for monitoring the status of the suppliers. Credit Risk Management will return suppliers, which have been removed from the list because of pending transactions, to the list after the transactions have been completed;
- If the supplier's financial condition changes in a manner that materially erodes its creditworthiness, Credit Risk Management is responsible for monitoring the financial condition of the suppliers. Normally, Credit Risk Management will return suppliers, which have been removed from the list because of their financial conditions, to the list after their financial conditions improve;
- If the supplier is involved in arbitration or litigation to settle disputes with the Companies;
- If the supplier sells its assets or takes other actions indicative of its desire to exit the business; or
- If the supplier fails to perform in accordance with its commitments or otherwise acts in a manner that undermines the Companies' efforts to acquire competitively priced natural gas and transportation consistent with its plans. Market Operations and Trading and Energy Supply Contract Management are responsible for recording material failures to perform and other acts or omission deemed unacceptable. Market Operations and Trading and Energy Supply Contract Management are also responsible for recommending disqualification of a supplier to Credit Risk Management if justified by failure to perform or other acts or omissions.

¹ The available exposure limit for the supplier may be set to zero as an alternative to removing the supplier from the list.

- C. Written Contracts:** The Companies will not enter into any natural gas transaction without a written contract delineating the associated terms and conditions. The contract may be an agreement developed for a specific transaction not entered exclusively pursuant to a master trading agreement, a standard agreement developed by the Companies, or a master agreement. Master agreements will include, but not be limited to, the NAESB Agreement (physical gas), the Gas Electronic Data Interchange (“GasEDI”) Agreement (physical gas), and the ISDA Agreement with a Gas Annex (financial and physical gas).

Energy Supply Contract Management is responsible for the negotiation of master agreements and other contracts with approved suppliers with support from Legal, Resource Optimization, and Credit Risk Management. Market Operations and Trading is responsible for the negotiation of all contracts that are not entered exclusively pursuant to a master trading agreement. Energy Supply Contract Management facilitates the management of the associated Confirmations per the Energy Risk Management and Control Policy and Natural Gas Procedures Manual. Master Agreements and associated Confirmations are maintained in accordance with the Corporate Records Retention Schedule.

- D. Natural Gas Transactions:** Variations in the Companies’ natural gas requirements for the gas division, power generation, and/or the availability of generating capacity may create opportunities for purchase or sale of natural gas. Transactions with terms within the current month and next month often must be executed quickly because of reliability and related considerations. If the amount of a transaction exceeds limits set forth in Appendix A, the Gas Trader will notify the Manager, Power and Gas Trading as soon as practicable after executing the transaction. Transactions must be in compliance with the FERC, PUCN, and Company policies and procedures.

- a) **Decision to Proceed:** Market Analytics and Trading Operations will provide analytical support and documentation for gas positions.
- b) **Price Discovery:** Gas Trading will determine the prevailing market price for gas transactions using methods including, but not limited to, request for proposals, contacting counterparties, brokers, and Intercontinental Exchange.
- c) **Origination of Transactions:** Resource Optimization will use the analytical support documentation and transact in accordance with the Companies’ policies and procedures. Resource Optimization will check the transaction to ensure compliance with the limits set forth in Appendix A. If a proposed transaction exceeds one or more limits, the Gas Trader will contact Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Resource Optimization will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges. Transactions must be in compliance with the FERC, PUCN, and Company policies and procedures.
- d) **Bid Refresh:** Bids received in response to a financial natural gas request for proposals may not be refreshed upward.

- e) **Confirmations:** When transacting with a counterparty, Energy Supply Contract Management will adhere to the Confirmation requirements set forth in the master trading agreement and the Energy Risk Management and Control Policy.
- f) **Documentation of Transactions:** Resource Optimization will document all transactions by entering the pertinent information into the system of record.

E. Optimization of Physical Gas and Gas Transportation Assets: In order to optimize the value of physical gas and gas transportation assets, the Companies may purchase gas in one location, and use their transportation assets to move it to another location for sale, in order to capture the value of basin differentials in accordance with the Daily Gas Management and Optimization Policy.

Allowed Transactions: The Companies may acquire gas at one location, and may use transportation assets to move the gas to another location for sale, under the following circumstances:

- a) The purchase of gas, and the sale of gas, shall occur on the same Gas Day;
- b) The purchase of gas will be at a fixed price, and the sale of gas will be at a fixed price, as long as fixed prices are available;
- c) The difference between the price of the gas purchased and the price of the gas sold must be sufficient to cover all incremental gas transportation costs and yield a benefit to the Companies' customers;
- d) The transportation assets must not be required to serve native load or other obligations;
- e) The Companies shall not acquire gas transportation assets for the purpose of making sales. However, the Companies may make sales for the purpose of optimizing the value of existing gas transportation assets; and
- f) Use of transportation assets for sales using gas previously procured and not needed thus supporting balancing activity.

F. Excess or Short Gas Positions: Resource Planning and Analysis will inform the Risk Committee of adjustments to monthly gas positions (financial or physical) as part of the Energy Supply Plans update presented each month. Approved monthly physical and financial natural gas levels for Nevada Power and Sierra Pacific Power are set by the Risk Committee. Resource Planning and Analysis updates the projection of fuel requirements each month utilizing a production cost simulation model. Resource Planning and Analysis will file the approved monthly physical and financial natural gas volumes.

Projected physical and financial gas requirements change over time due to a number of factors, (e.g., changes in load forecasts, market fundamentals, planned maintenance, or variances between projected requirements and actual procurements). Changes in projected requirements will result in short and/or long gas positions relative to actual procurements. In the event there are excesses or shortages for beyond the season in which 100% of the target volumes have been procured, recommended changes may be presented to the Risk Committee by Resource Planning and Analysis. For situations in

which there exist excesses or shortages in the period in which 100% of the target volumes have been procured, Risk Committee changes to approved volumes are not required. Instead, Resource Optimization will determine the appropriate course of action consistent with these procedures set forth below.

Resource Planning and Analysis shall distribute to Market Analytics each month a file containing the actual physical and financial gas procured and the month ahead gas forecast for the gas for the Gas Division and power generation requirements. Market Analytics shall provide Market Operations and Trading with month-ahead gas burn projections disaggregated by plant. Market Operations and Trading will resolve excesses and shortages as follows:

- 1) Physical Gas:
 - a) Nevada Power
 - For projected average daily volumes that vary from procured daily volumes by 30,000 MMBtus or more, Market Analytics will prepare a transaction plan using the best available information. Resource Optimization will transact in accordance with the transaction plan in the daily market in accordance with the Company policies and procedures.
 - b) Sierra Pacific Power
 - For projected average daily volumes that vary from procured daily volumes by 15,000 MMBtus or more, Market Analytics will prepare a transaction plan using the best available information. Resource Optimization will transact in accordance with the transaction plan in the daily market in accordance with the Company policies and procedures.
- 2) Financial Gas:
 - c) Nevada Power
 - If procured hedges are at or within 15% of targeted requirements, neither action nor analytics are required.
 - If procured hedges are beyond 15% of targeted requirements, analytics must be conducted to determine an appropriate course of action.
 - d) Sierra Pacific Power
 - If procured hedges by hub are at or within 25% of targeted requirements, neither action nor analytics are required.
 - If procured hedges by hub are beyond 25% of targeted requirements, analytics must be conducted to determine an appropriate course of action.

G. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for the Companies' accounting, billing, collection, and reporting efforts as they pertain to gas.

- a) Supplier Invoices: Accounting is responsible for processing supplier invoices pertaining to natural gas and pipeline transport. Energy Supply Contract Management, Risk Control, and Market Operations and Trading will assist Accounting with the resolution of settlement discrepancies if necessary.

- b) Sales Invoices: Accounting is also responsible for processing invoices for natural gas sales by the Companies. Energy Supply Contract Management, Risk Control, and Market Operations and Trading will assist Accounting with the resolution of settlement discrepancies if necessary.
- c) Adjustments to Database(s): Risk Control will direct Market Operations and Trading to adjust the system of record to reflect the final settlements with the buyers and suppliers.

H. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' natural gas procurement activities will be retained in accordance with the policy.

I. Confidentiality: All data and documents retained in conjunction with the Companies' natural gas procurement efforts will be deemed commercially sensitive if they contain:

- a) The names of counterparties;
- b) The prices paid or received for natural gas supply, transportation, and storage; or
- c) Other information covered by the confidentiality provisions of the Companies' contracts.

Commercially sensitive data and documents should only be distributed to the employees of the Companies who need access to the data and documents during the performance of their assigned duties.

Commercially sensitive data and documents should not be provided to anyone outside the Companies without the prior approval of the Legal Department.

IV. Approval and Modifications

This manual has been approved by the Risk Committee. The Director, Trading Analytics and Operations is responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

Appendix A: Approval Guidelines per Transaction

<i>Title</i>	<i>Limit – RFPs and Daily Trades*</i>
<i>Chief Executive Officer, Berkshire Hathaway Energy Company</i>	<i>Unlimited</i>
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>
<i>Vice President, Resource Optimization^{[1], [2]}</i>	<i>\$12,500,000</i>
<i>Director, Trading Analytics & Operations^{3, [3]}</i>	<i>\$7,500,000</i>
<i>Director, Contract Management and Special Programs (Amendments/Settling disputes only)</i>	<i>\$7,500,000</i>
<i>Director, Gas Trading</i>	<i>\$7,500,000</i>
<i>Director, Power Trading</i>	<i>\$7,500,000</i>
<i>Manager, Gas Trading</i>	<i>\$5,000,000</i>
<i>Manager, Power Trading</i>	<i>\$5,000,000</i>
<i>Resource Optimization Manager</i>	<i>\$5,000,000</i>
<i>Traders</i>	<i>\$1,000,000</i>

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

**** To ensure reliability, approvals of daily trades may happen after trade execution.***

^[1] Applies to transactions longer than one month

^[2] Applies to transactions pertaining to the table in Appendix D, Section C

^[3] Applies to transactions pertaining to the table in Appendix D, Section B

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Type of Gas Transaction	Activity	Trading Operations	Energy Supply Contract Management	Market Operations and Trading	Resource Planning and Analysis	Market Analytics
Asset Management	Originate/Negotiate			X		
Asset Management	Contract management		X			
Commodity	Gas projection - gas request for proposal				X	
Commodity	Gas projection - day-ahead, weekly, monthly, current season					X
Commodity	Gas projection - real-time	X				
Commodity	Originate/Negotiate			X		
Commodity	Contract management		X			
Master Trading Agreements	Originate/Negotiate		X			
Master Trading Agreements	Contract management		X			
Transport/Storage	Establish requirements				X	
Transport/Storage	Originate/Negotiate (Less than 2 years)			X		
Transport/Storage	Originate/Negotiate (Greater than 2 years)				X	
Transport/Storage	Contract management		X			
General	FERC/Canadian Regulatory Agencies - NVE intervention filings, etc				X	
General	FERC/Canadian Regulatory Agencies - Counterparty rate case filings, etc				X	
General	FERC/Canadian Regulatory Agencies - Tariff interpretation				X	
General	Economic analysis (Less than 2 years)					X
General	Economic analysis (Greater than 2 years)				X	
General	Planned Outage Coordination		X			

Appendix B: Gas Activity Lead Matrix

Appendix C: Policy Revision Log

Date	Revision(s)
December 22, 2014	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Modified the title page and the table of contents page 2. Modified the introduction language 3. Updated titles and department names 4. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Power Contracts • Added Commercial Trading and Strategy • Moved the Power Contracts responsibilities to Commercial Trading and Strategy and Market Operations and Trading • Replaced Gas Optimization with Market Operations and Trading • Removed Transaction and Market Analysis

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	<ul style="list-style-type: none"> • Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics <ol style="list-style-type: none"> 5. Updated the Gas Activity Lead Matrix table in Appendix B 6. Removed the Roles and Responsibilities table in Appendix B 7. Added a policy revision log
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated titles and department names 2. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Commercial Trading and Strategy • Added Trading Operations • Moved the Commercial Trading and Strategy responsibilities to Resource Planning and Analysis • Moved real-time forecasting responsibility to Trading Operations 3. Updated the Gas Activity Lead Matrix table in Appendix B <ul style="list-style-type: none"> • Removed Commercial Trading and Strategy • Added Trading Operations
November 16, 2021	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Manager, Market Operations and Trading was replaced throughout the policy with the new role of Manager, Power and Gas Trading 2. Revised one of the responsibilities of Energy Supply Contract Management 3. Market Operations and Trading was replaced throughout the policy with Resource Optimization 4. Removed the Authorization Approval Levels table and referenced the Authorization Approval Levels in Energy Risk Management and Control Policy's through-out the document.
December 14, 2022	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated title changes through-out the procedures 2. Increased CEO's threshold to \$100,000,000
August 16, 2023	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated title changes through-out the procedures

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POWER PROCEDURES MANUAL

August 16, 2023

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I. Introduction

Nevada Power Company d/b/a/ NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific Power”) (together, the “Companies”) are engaged in the generation, transmission and distribution of electric energy in Nevada. The Companies deal in the electric energy markets to meet a portion of the energy requirements for their customers.

This manual applies to physical and financial transactions related to the Companies’ power activities, excluding renewable transactions. The primary purpose of this manual is to assure the efficient and accurate processing of power transactions, the effective preparation and distribution of information relating to those activities, and the effective management of those trading activities.

These procedures are consistent with the provisions of the Energy Risk Management and Control Policy. This manual may be updated to reflect changes to the Energy Risk Management and Control Policy.

The Companies have adopted and may in the future adopt other policies and procedures that may impact the Companies’ power activities. This manual will complement the Forward Sales Procedures Manual, Natural Gas Procedures Manual, Energy Risk Management and Control Policy, and Credit Risk Management and Control Policy.

II. Organization Framework

A. **Overview:** The policy framework governing the Companies’ power transactions is set forth in the Energy Risk Management and Control Policy. This section of the manual outlines the responsibilities of the various Company groups to support the Companies’ power procurement and sale activities. These company groups include Credit Risk Management, Energy Supply Contract Management, Fuel and Purchased Power Accounting, Market Analytics, Market Operations and Trading, Resource Planning and Analysis, Risk Control, and Trading Operations.

B. **Credit Risk Management** is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to power;
- Approving counterparties for transactions related to power before the Companies enter into transactions with them;
- Maintaining the Companies’ list of approved counterparties for transactions related to power;
- Maintaining, updating, and reviewing the Master Bidders’ List;
- Monitoring and reporting on the creditworthiness of those counterparties;
- Calculating potential exposures related to power transactions;
- Calculating collateral requirements, if any, to be posted by those counterparties and overseeing the receipt of that collateral;
- Maintaining records of the collateral posted by counterparties; the original collateral is

kept in Credit Risk Management;

- Resolving credit issues with counterparties;
- Maintaining a list of unresolved credit concerns;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to power; and
- Notifying Manager, Power and Gas Trading when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk.

C. Energy Supply Contract Management is responsible for:

- Managing the long-term power contracts including, but not limited to, contract compliance, accounting settlements, dispute resolution, and relationship management;
- Maintaining power counterparty contract and trading status information in the system of record;
- Managing the Confirmation process for power transactions, i.e.,:
 - a) Reviewing the terms and conditions included in Confirmations received from counterparties to ensure consistency with the system of record and Market Operations and Trading, Legal, and Credit Risk Management requirements;
 - b) As required, sending Confirmations to counterparties where the terms and conditions are consistent with the system of record and Market Operations and Trading, Legal, and Credit Risk Management requirements; and
 - c) Facilitating the Confirmation execution process.
- Leading the negotiation process of master agreements, if applicable;
- Maintaining the master agreements and associated power Confirmations in accordance with the Corporate Records Retention Schedule;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification level set forth in the Energy Risk Management and Control Policy; and
- Providing general contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analytics, and Fuel and Purchased Power Accounting.

D. Fuel and Purchased Power Accounting is responsible for:

- Verifying the accuracy of invoices received by the Companies for transactions related to short-term power;
- Resolving issues regarding those invoices;
- Submitting final invoices to authorized personnel for approval;
- Processing settlement packages and presenting them to Accounts Payable or Treasury for payment;
- Processing approved pre-payments and presenting them to Accounts Payable or Treasury for payment;
- Preparing and issuing invoices for sales of power to counterparties;
- Ensuring the timely collection of receivables attributable to sales of power;
- Verifying the settlement amounts from financial transactions;
- Supervising the payment and receipt of all settlements flowing from financial transactions related to power;

- Preparing or assisting with the preparation of periodic reports;
- Accounting for all transactions related to power; and
- Working with Risk Control to arrange for the adjustment of the Companies' records if necessary to reflect data from the final invoices;
- Completing the settlement process for financial options based on information from the system of record; and
- Reconciling the accounts to confirm the accuracy of the power accounting.

E. Resource Optimization is responsible for the following duties related to transactions for real-time, day-ahead, current month, and less than three-years:

- Maintaining Federal Energy Reliability Commission ("FERC") compliance, providing supporting documentation for proper use of network integrated transmission service and temporarily undesignating designated resources to facilitate third party wholesale sales;
- Executing transactions in accordance with the Energy Risk Management and Control policy, and in compliance with regulatory requirements, company policies, procedures, and the Energy Supply Plans;
- Originating and negotiating transactions including, utilizing unused assets, daily and balance of the month optimization;
- Price discovery;
- Orally executing transactions with counterparties via recorded telephone line;
- Recording incidents of material supplier non-performance and other unacceptable acts or omissions, and notifying Manager, Power and Gas Trading;
- Logging all information relevant to power trading activities;
- Coordinating the physical delivery of power in accordance with WECC and NERC requirements;
- Identifying prospective counterparties;
- Presenting viable counterparties to Credit Risk Management for review and approval;
- Entering data for the Companies transactions related to power into the deal capture system;
- Checking transactions for compliance with limits and seeking prior approval if a transaction will exceed approvals set forth in Appendix A;
- Amending transactions per Risk Control;
- Review and approval of invoices and confirmations related to power transactions;
- Corresponding with counterparties to determine market opportunities;
- Managing unsolicited proposals;
- Issuing and facilitating the request for proposal process;
- Corresponding directly with counterparties throughout a request for proposal process;
- Negotiating transactions directly with counterparties;
- Preparing or assisting with the preparation of periodic reports; and
- Records retention associated with request for proposals or unsolicited proposals.

F. Market Analytics is responsible for the following duties related to transactions for the day-ahead and less than two years:

- Preparing short-term forecasts of customer energy requirements;

- Providing analytical support and documentation for request for proposals, daily, monthly and forward trading activities including physical power, financial power products, and transmission;
- Preparing or assisting with the preparation of periodic reports;
- Monitoring the status, operational limits, and availability of generating plants;
- Communicating anticipated load requirements to the balancing authority;
- Developing, establishing, implementing, and maintaining methodologies, models, and techniques facilitating energy risk management, as necessary;
- Determining the marginal, incremental and decremental costs associated with generation assets;
- Designating network resources;
- Monitoring transmission availability throughout the Western Electric Coordinating Council (“WECC”);
- Reconciling settlement discrepancies; and
Performing merchant settlement validation of California Independent System Operator transactions.

G. Resource Planning and Analysis is responsible for:

- Developing forecasts of power prices;
- Developing the Companies’ Energy Supply Plans;
- Analyzing power transaction opportunities for products longer than three years in duration;
- To the extent necessary, analyzing power related resources available to the Companies to help to ensure the optimal choice of resources; and
- Preparing or assisting with the preparation of periodic reports.

H. Risk Control is responsible for:

- Preparing or assisting with the preparation of periodic reports;
- Comparing actual power deliveries received by the Companies to the quantities shown in the Companies’ records and notifying Power Optimization of any discrepancies;
- Arranging for the adjustment of data entered into the deal capture system if necessary to reflect data from tapes of transactions, final invoices and/or other records; and
- Monitoring compliance with the Companies’ policies per the Energy Risk Management and Control Policy.

I. Trading Operations is responsible for:

- Preparing real-time forecasts of customer energy requirements;
- Providing analytical support and documentation to facilitate real-time power transactions;
- Communicating anticipated load requirements to the balancing authority;
- Determining the marginal, incremental and decremental costs associated with generation assets;
- Identifying resources in excess of committed generation available for potential sales;
- Providing timely and accurate reporting of information on the operating status of power supply resources;

- Submitting resource plans representing the Companies' hourly level demand forecasts; and
- Providing timely and accurate forecast data (i.e. expected load, imports, and exports) during the operating hour.

III. Optimizing Power Assets

In accordance with the Energy Risk Management and Control Policy and in compliance with all regulatory requirements and company policies, and obligations the companies will:

- Develop strategies
- Establish trading partners
- Analyze positions
- Determine potential opportunities
- Prepare valuations
- Provide analytical support and documentation for trading activities and hedging
- Execute transactions in accordance with the approved Energy Supply Plans
- Control risk, accuracy and assurance
- Conduct performance review
- Record retention

A. Energy Supply Plans: Each of the Companies will maintain an approved Energy Supply Plan to govern the purchase and sale of power and the associated transmission services. Power transactions are entered into pursuant to the Companies' Energy Supply Plan. The Companies will not execute any material transactions that deviate from the approved Energy Supply Plans without the prior approval of the Risk Committee.

B. Approved Suppliers: Credit Risk Management is responsible for maintaining the Companies' lists of approved suppliers. The Companies will not execute any transactions with entities that are not in the approved system of record.

A prospective supplier may be added to the list of approved suppliers after its ability to perform in accordance with its commitments has been confirmed. Credit Risk Management is responsible for soliciting the information needed to investigate a prospective supplier. Credit Risk Management is responsible for evaluating the prospective supplier's performance and financial condition. The prospective supplier will only be added to the list of approved suppliers if the performance and financial reviews support a conclusion that the prospective supplier will be able to perform in accordance with the obligations inherent in the types of transactions for which the supplier is being considered.

A supplier may be removed from the list of approved suppliers:

- If additional transactions with the supplier would cause limits set forth in the Energy Risk Management and Control Policy to be exceeded¹; Credit Risk Management is responsible for monitoring the status of the suppliers. Credit Risk Management will return suppliers which have been removed from the list because of pending transactions, to the list after the transactions have been completed;
- If the supplier's financial condition changes in a manner that materially erodes its creditworthiness; Credit Risk Management is responsible for monitoring the financial condition of the suppliers. Normally, Credit Risk Management will return suppliers, which have been removed from the list because of their financial conditions, to the list after their financial condition improves;
- If the supplier is involved in arbitration or litigation to settle disputes with the Companies;
- If the supplier sells its assets or takes other actions indicative of its desire to exit the business; or
- If the supplier fails to perform in accordance with its commitments or otherwise acts in a manner that undermines the Companies' efforts to acquire competitively priced power and transmission services consistent with its plans. Market Operations and Trading, and Energy Supply Contract Management are responsible for recording material failures to perform and other acts or omissions deemed unacceptable. Market Operations and Trading, and Energy Supply Contract Management are also responsible for recommending disqualification of a supplier to Credit Risk Management if justified by failure to perform or other acts or omissions.

C. Written Contracts: The Companies will not enter into any power transaction without a written contract delineating the associated terms and conditions. The contract may be an agreement developed for a specific transaction, a standard agreement developed by the Companies, or a master agreement. Master agreements will include, but not limited to the International Swap and Derivatives Association ("ISDA") Agreement with a Power Annex, Edison Electric Institute, Western Systems Power Pool ("WSPP") Agreement, or California Carbon Allowance ("CCA").

Energy Supply Contract Management is responsible for the negotiation of master agreements, if applicable, and other contracts with approved suppliers with support from Legal, Resource Optimization, and Credit Risk Management. Market Operations and Trading is responsible for the negotiation of all short-term transactions (as defined below) that are not entered exclusively pursuant to a master trading agreement. Energy Supply Contract Management facilitates the management of the associated Confirmations per the

¹ The available exposure limit for the supplier may be set to zero as an alternative to removing the supplier from the list.

Energy Risk Management and Control Policy and Power Procedures Manual. Master Agreements and associated Confirmations are maintained in accordance with the Corporate Records Retention Schedule.

D. Long-Term Transactions: Standard power transactions beyond the current month and less than three-years will be originated and negotiated by Resource Optimization. Transactions may be executed using a request for proposals process or through direct negotiation.

- **Financial Power:** The Companies may acquire financial instruments² in conjunction with their power procurement efforts.
 - a) **Decision to Proceed:** Market Analytics will provide analytical support and documentation of financial power positions. Power Trading will establish the timing and scope of financial power transactions.
 - b) **Market Surveys:** Power and Gas Trading will contact one or more prospective suppliers to determine the prevailing market price and associated terms and conditions for financial instruments. The prospective supplier or suppliers will be drawn from the Companies' list of approved suppliers. The timing and the manner of the market surveys will be consistent with the practices of the markets that are being surveyed. Power and Gas Trading will document the information obtained during the market surveys.
 - c) **Evaluation:** Power and Gas Trading, with the assistance of Resource Planning and Analysis, and/or Market Analytics will evaluate the opportunities available to the Companies. The evaluations will primarily address economic considerations.
 - d) **Origination of Transactions:** Power and Gas Trading will check the transaction to ensure compliance with the limits set forth in the Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Power and Gas Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges.
 - e) **Documentation of Transactions:** Power and Gas Trading will document all transactions involving financial instruments by entering the pertinent information into the system of record.
- **Physical Power:** The Companies may acquire physical power in conjunction with their power procurement efforts.

² The types of financial instruments are defined in the Energy Risk Management and Control Policy.

- a) **Decision to Proceed:** Resource Planning and Analysis and/or Market Analytics will provide analytical support and documentation of physical power positions. Power and Gas Trading will establish the timing and scope of physical power transactions.
- b) **Market Surveys:** Power and Gas Trading will contact one or more prospective suppliers to determine the prevailing market price and associated terms and conditions for physical power. The prospective supplier or suppliers will be drawn from the Companies' list of approved suppliers. The timing and the manner of the market surveys will be consistent with the practices of the markets that are being surveyed. Power and Gas Trading will document the information obtained during the market surveys.
- c) **Evaluation:** Power and Gas Trading, with the assistance of Resource Planning and Analysis, and/or Market Analytics will evaluate the opportunities available to the Companies. The evaluations will primarily address economic considerations.
- d) **Origination of Transactions:** Power and Gas Trading will check the transaction to ensure compliance with the limits set forth in Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Market Operations and Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges.
- e) **Documentation of Transactions:** Power and Gas Trading will document all transactions involving physical power by entering the pertinent information into the system of record.

E. Short-Term Transactions: Physical power transactions including real time, day ahead and balance of the month will be originated and negotiated by Power Trading. Variations in the Companies' power requirements and/or the availability of generating capacity may create opportunities for sales of power. For sales of power into California, California Carbon allowances ("CCAs") are required pursuant to the California Air Resource Board ("CARB") cap-and-trade regulations which are in sections 95800 to 96023 of Title 17, California Code of Regulations. Power transactions with terms within the current month often must be executed quickly because of reliability and related considerations. If the amount of a transaction exceeds the guidelines set forth in Appendix A, the Power Trader will notify the Manager, Power Trading as soon as practicable after executing the transaction. Additionally, the Power Trader will adhere with the limits set forth in the Appendix A. Transactions must be in compliance with FERC, Public Utilities Commission of Nevada ("PUCN"), and Company policies and procedures.

- a) **Decision to Proceed:** Market Analytics and/or Trading Operations will provide analytical support and documentation for power transactions. Power Trading will determine carbon allowance requirement associated with sales of power into California.
- b) **Price Discovery:** Power Trading will determine the prevailing market price for power and carbon allowance transactions using methods including but not limited to, contacting suppliers, brokers, and Intercontinental Exchange.
- c) **Origination of Transactions:** Power Trading will transact in accordance with the Companies' policies and procedures. Market Operations and Trading will check the transaction to ensure compliance with the limits set forth in the Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Power and Gas Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges. Transactions must be in compliance with FERC, PUCN, and Company policies and procedures.
- d) **Confirmations:** When transacting with a counterparty, Energy Supply Contract Management will adhere to the Confirmation requirements of the WSPP Agreement as well as the Energy Risk Management and Control Policy.
- e) **Documentation of Transactions:** Power Trading will document all transactions involving physical power by entering the pertinent information into the system of record.

F. Transmission Service Transactions: Power Trading may purchase point to point transmission from entities on the list of approved suppliers with which the Companies have executed any required transmission service agreement(s). Power Trading may purchase transmission for delivery of physical energy to a load or approved counterparty.

G. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for the Companies' accounting, billing, collection, and reporting efforts as they pertain to power.

- a) **Supplier Invoices:** Accounting is responsible for processing supplier invoices pertaining to short-term power and transmission. Energy Supply Contract Management, Risk Control, Market Analytics, and Power and Gas Trading will assist Accounting with the resolution of settlement discrepancies if necessary.
- b) **Sales Invoices:** Accounting is also responsible for processing invoices for short-term power sales by the Companies. Energy Supply Contract Management, Risk Control, Market Analytics, and Power and Gas Trading will assist Accounting with the resolution of settlement discrepancies if necessary.

- c) Adjustments to Database(s): Risk Control will direct Power and Gas Trading to adjust the system of record to reflect the final settlements with the buyers and suppliers.

H. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' power procurement activities will be retained in accordance with the policy.

I. Confidentiality: All data and documents retained in conjunction with the Companies' power procurement efforts will be deemed commercially sensitive if they contain:

- a) The names of counterparties;
- b) The prices paid or received for power or transmission services; or
- c) Other information covered by the confidentiality provisions of the Companies' contracts.

Commercially sensitive data and documents should only be distributed only to the employees of the Companies who need access to the data and documents during the performance of their assigned duties.

Commercially sensitive data and documents should not be provided to anyone outside the Companies without the prior approval of the Legal Department.

IV. Approval and Modifications

This manual has been approved by the Risk Committee. The Vice President, Resource Optimization is responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

Appendix A: Approval Guidelines per Transaction Title	Limit – RFPs and Daily Trades*
<i>Chief Executive Officer, Berkshire Hathaway Energy Company</i>	<i>Unlimited</i>
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>
<i>Vice President, Resource Optimization^{[1], [2]}</i>	<i>\$12,500,000</i>
<i>Director, Trading Analytics & Operations^{3, [3]}</i>	<i>\$7,500,000</i>
<i>Director, Contract Management and Special Programs (Amendments/Settling disputes only)</i>	<i>\$7,500,000</i>
<i>Director, Gas Trading</i>	<i>\$7,500,000</i>
<i>Director, Power Trading</i>	<i>\$7,500,000</i>
<i>Manager, Gas Trading</i>	<i>\$5,000,000</i>
<i>Manager, Power Trading</i>	<i>\$5,000,000</i>
<i>Resource Optimization Manager</i>	<i>\$5,000,000</i>
<i>Traders</i>	<i>\$1,000,000</i>

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

**** To ensure reliability, approvals of daily trades may happen after trade execution.***

^[1] Applies to transactions longer than one month

^[2] Applies to transactions pertaining to the table in Appendix D, Section C

Appendix B: Policy Revision Log

Date	Revision(s)
December 22, 2014	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Modified the title page and the table of contents page 2. Modified the introduction language 3. Updated titles and department names 4. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Power Contracts • Added Power Origination • Moved the Power Contracts responsibilities to Power Origination • Added Commercial Trading and Strategy • Replaced Power Optimization with Market Operations and Trading • Removed Transaction and Market Analysis • Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics 5. Modified the confirmation language and referenced adherence to the WSPP Agreement and the Energy Risk Management and Control Policy. 6. Added a policy revision log
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated titles and department names 2. Added responsibilities associated with the companies' participation in the California Independent System Operation's Energy Imbalance Market 3. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Commercial Trading and Strategy • Removed Power Origination • Added Trading Operations • Moved the Commercial Trading and Strategy responsibilities to Market Analytics • Moved Power Origination responsibilities to Market Operations and Trading
November 17, 2021	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Manager, Market Operations and Trading was replaced throughout the policy with the new role of Manager, Power and Gas Trading 2. Revised one of the responsibilities of Energy Supply Contract Management

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	3. Market Operations and Trading was replaced throughout the policy with Resource Optimization
December 14, 2022	Modified existing policy 1. Updated title changes through-out the procedures 2. Increased CEO limits to \$100,000,000
August 16, 2023	Modified existing policy 1. Updated title changes through-out the procedures

NV ENERGY

FORWARD POWER SALES PROCEDURES MANUAL

August 16, 2023

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I. Introduction

This manual outlines the organization, governance, processes and procedures for Forward Sales activities for power and capacity, which will address intermediate to long-term transactions (excluding prompt month).

The procedures documented herein are consistent with the Risk Management and Control Policy and the Energy Risk Management and Control Policy. The Companies' have documented other procedures that could have an impact on the Companies' Forward Sales activities in the Power Procedures Manual, Natural Gas Procedures Manual, Credit Risk Management Policy Manual, and the Credit Procedures Manual.

II. Overview of Forward Sales

Portfolio Optimization activities address strategic, tactical, analytical, transactional, and operational issues related to structuring the Companies' portfolio of resources, including generation resources and assets, purchased power contracts, and fuel contracts, based upon reliability considerations, economic factors, and changes in anticipated load.

Forward Sales are one aspect of overall Portfolio Optimization. Forward Sales activities will take place within a structured environment where policies, processes, controls, limits, and checks and balances facilitate and standardize the inspection and assessment of strategies, tactics, and transactions from their conception to potential implementation and execution. Forward Sales includes the identification and execution of intermediate to long-term power transactions within the parameters specified in Appendix A, *Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities* of this manual and Appendix D - Section A of the Energy Risk Management and Control Policy. Forward Sales may only be negotiated and executed as standard transactions as defined in section V.C.2 of the Energy Risk Management and Control Policy. The scope of the Forward Sales activities will cover the next four natural gas seasons, including the current season¹ (the "Inspection Period"); however, any transactions will be limited to the next three natural gas seasons, including the current season (the "Actionable Period"), unless authorized by the Risk Committee.

¹ The Summer Season spans April 1 through October 31. The Winter Season spans November 1 through March 31.

III. Organizational Framework

A. Overview

The policy framework governing the Companies' Forward Sales activities is set forth in the Risk Management and Control Policy and the Energy Risk Management and Control Policy.

This section of the manual outlines the additional responsibilities of the various Company elements to support Forward Sales activities. These Company elements include:

- Risk Committee
- Forward Sales Leadership Team
- Market Analytics
- Market Operations and Trading
- Energy Supply Contract Management
- Risk Control
- Accounting; and
- Legal

B. Risk Committee

For the purpose of this manual, Risk Committee has full authority to:

- Approve the Forward Sales strategy, limits and risk metrics (Appendix A) that will define the scope of Forward Sales activities; and
- Approve this Forward Sales Procedures Manual and any subsequent changes to this manual

C. Forward Sales Leadership Team

For the purposes of this manual, the Forward Sales Leadership Team comprises of the following personnel:

- Vice President, Resource Optimization; and
- Director, Trading Operations
- Manager, Power Trading

The Forward Sales Leadership Team (or a subset thereof) is responsible for:

- Proposing to the Risk Committee the Forward Sales strategy, limits and risk metrics (Appendix A) that define the scope of the Forward Sales activities;
- Reviewing and approving any changes to the analytical models being used in support

of Forward Sales activities;

- Reviewing the position reports developed by Market Analytics; and
- Reviewing and approving the Opportunity Analysis Form.

D. Market Analytics

For the purposes of this manual, Market Analytics is responsible for:

- Maintaining the analytical models and data required to support Forward Sales activities;
- Utilizing models to analyze economic energy, capacity and fuel positions;
- Preparing position reports and conducting discussions with the Forward Sales Leadership Team to identify potential transaction opportunities related to Forward Sales;
- Provide internal costs to serve products within the transaction summary
- Performing position at risk analysis and economic benefit analysis for both potential transactions and existing Forward Sales transactions within the portfolio; and
- Preparing or assisting with the preparation of reports as directed by Risk Committee.

E. Market Operations and Trading

For the purposes of this manual, Market Operations and Trading is responsible for:

- Identifying potential transaction opportunities in support of Forward Sales objectives;
- Providing informational updates to the Risk Committee on Forward Sales efforts;
- Notifying Risk Committee when existing Forward Sales transactions fail to meet the economic or capacity criteria specified in Appendix A, Section 2 of this manual;
- Preparing the Opportunity Analysis Form;
- Corresponding with counterparties to determine market opportunities;
- Managing unsolicited proposals for Forward Sales opportunities;
- Issuing Request for Proposals and facilitating the Request for Proposal process;
- Executing the transaction plan;
- Corresponding directly with counterparties throughout the Request for Proposal process;
- Working directly with Credit and Legal to finalize contract language;
- Negotiating transactions directly with counterparties;
- Orally executing transactions with counterparties via recorded telephone line;
- Entering executed transactions into the appropriate systems of record; and

- Records retention associated with Forward Sales efforts.

F. Credit Risk Management

For the purposes of this manual, Credit is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to Forward Sales;
- Approving counterparties for transactions related to power before the Companies enter into transactions with them;
- Maintaining the Companies' list of approved counterparties for transactions related to power;
- Maintaining, updating, and reviewing the Master Bidders' List;
- Monitoring and reporting on the creditworthiness of counterparties;
- Maintaining records of the collateral posted by counterparties; the original collateral is kept in Credit;
- Resolving credit issues with counterparties;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to Forward Sales;
- Notifying Resource Optimization leadership of credit exposure issues as referenced in Credit Risk Management and Control Policy;
- Calculating collateral requirements and managing collateral posted by the Companies because of transactions related to power; and
- Calculating potential exposures related to natural gas transactions.

G. Energy Supply Contract Management

For the purposes of this manual, Energy Supply Contract Management is responsible for:

- Managing energy supply contracts per their terms including the invoice settlement function for long-term power and natural gas transport contracts;
- Leading the negotiation process of Master Agreements for physical/financial gas, power and carbon;
- Maintaining counterparty contract and trading status information in the systems of record;
- Managing the confirmation process for term physical/financial gas and power transactions;
- Leading the negotiation process for non-standard power contract amendments;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification levels set forth in the Energy Risk Management and Control Policy;
- Maintaining energy supply contracts in accordance with the Corporate Records Retention Schedule; and
- Providing contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

H. Risk Control

For the purposes of this manual, Risk Control is responsible for:

- Assisting the Forward Sales Leadership Team with the identification of limits and risk metrics associated with the approved Forward Sales strategies, as specified in Appendix A;
- Monitoring adherence to the Companies' relevant policies and procedures; and
- Providing information at each Risk Committee meeting identifying any forward sales that are not consistent with transactions approved under the Energy Supply Plan and verifying compliance with the Forward Power Sales Procedures Manual.

I. Accounting

For the purposes of this manual, Accounting is responsible for:

- Reviewing and identifying the ASC 815 implications of the proposed Forward Sales transaction opportunities;
- Updating and maintaining the Derivative Accounting Policies to support the Forward Sales efforts; and
- Ensuring settlements for transactions are accurately recorded in the financial system of record.

J. Legal

For the purposes of this manual, Legal is responsible for:

- Assisting the Forward Sales Leadership Team in identifying and complying with the relevant legal and regulatory requirements and guidelines pertaining to Forward Sales activities; and
- Reviewing master agreements and confirmations to facilitate Forward Sales.

IV. Forward Sales Procedures

Processes and procedures required to support the incremental transactions that Forward Sales will address are outlined below. Forward Sales activities will comply with this manual, as well as the contract management, counterparty approval, settlements, scheduling, and records retention requirements set forth in the effective power procedures, and credit procedures manuals.

A. Limits on Transactions

Forward Sales activities will be in compliance with the authority limits set forth in the Energy Risk Management and Control Policy, including but not limited to Appendix D -

Section B and Forward Sales strategies and limits as stated in Appendix A of this document.

B. Strategy Development

Market Operations and Trading will present proposed Forward Sales strategies to the Risk Committee for approval. Approved strategies will be represented in *Appendix A, Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities*.

C. Market Analysis

On an ongoing basis, Market Operations and Trading will perform market analysis to help inform management with regard to the risks and opportunities that may arise from the Companies' Forward Sales activities. Market factors to be considered may include regional energy supply and demand drivers, environmental considerations, and regulatory developments, among others.

D. Position Reporting

Market Analytics will use a dispatch model² to analyze and report on the Companies' respective capacity, economic energy, and fuel burn positions (as needed). The position reports will include the expected positions as well as uncertainty around the expected positions. The uncertainty around the expected positions will be analyzed using a Monte Carlo simulation within the dispatch model and will be reported at various confidence levels³ and at a monthly level for the Inspection Period.

E. Opportunity Analysis Form

Market Operations and Trading will prepare the Opportunity Analysis Form to summarize Forward Sales transaction opportunities.

F. Transaction Execution

Forward Sales transactions will be executed through either a Request for Proposal process or direct negotiations with a counterparty. The direct negotiation process will be used if a counterparty presents a Forward Sales transaction opportunity to the Companies.

G. Transmission Service Transactions

Resource Optimization may purchase power transmission service to support the Forward Sales transactions. The requirement to obtain power transmission service will be

² Market Analytics will maintain documentation regarding the model including the underlying approach, sources of model inputs, model parameters and their estimation, model outputs and any other relevant model details.

³ For example, a Position at Risk statement could indicate that there is a 95% probability that the Net Capacity position will exceed 100 MW for on-peak hours during a given month.

considered by Market Operations and Trading. These transactions will be executed per the guidelines specified in the Power Procedures Manual.

V. Approval and Modifications

This manual has been approved by the Risk Committee. The Vice President of Resource Optimization will be responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

Appendix A: Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities

The Companies operate generation resources and assets and transact in various markets for physical commodities and financial instruments to the end of prudently serving power and gas customers in their respective service territories. Their operations are guided by primary objectives that are indicated in the Companies' respective Energy Supply Plans, namely balancing the principle objectives of:

- Minimizing the cost of supply, which includes mitigating ratepayer costs by optimizing power and fuel resources in the light of changing projected loads, resources, and market conditions;
- Minimizing retail price volatility; and
- Maximizing the reliability of energy supply over the term of the energy supply plan.

1. Strategy Statement

The Companies' primary strategy regarding Forward Sales activities is to sell capacity, energy, and ancillary services from available generation on a forward basis. The Companies' will enter into Forward Sales transactions only if they have confidence, as articulated through the probabilities in the tables below, that they will have a long capacity position and that the transactions will yield positive economic benefits for their customers (i.e., a favorable impact on estimated net system production cost defined as the difference between estimated incremental revenue and estimated incremental system cost). Forward products sold by the Companies will have delivery periods not to exceed the next three gas seasons, unless authorized by the Risk Committee. The Companies' may have to procure natural gas and transportation to meet the obligations attributable to the Forward Sales transactions. However, any heat rate call options will be structured such that the fuel cost risk is borne by the counterparty.

2. Limits and Risk Metrics Statement – Portfolio Analytics and Management

A. Position at Risk Analysis – Potential Transactions

Position at Risk analysis will be used to assess the probability that the Companies' capacity position may fall below the specified threshold level. The Companies will only initiate transactions if the position at risk analysis indicates that by doing so the criteria in the table below (i.e., Capacity Position after potential Transaction) will be satisfied on the transaction date.

Criteria for Position at Risk Analysis (regarding potential transactions)			
	Probability level	Capacity Position after Transaction	Forwardness of transaction
1 ⁴	80%	> 0 MW	1st gas season
2	80%	> 0 MW	2nd gas season
3	90%	> 0 MW	3rd gas season

B. Economic Benefit Analysis – Potential Transactions

Economic benefit analysis will be used to assess the probability that the transactions will yield positive economic benefits to the Companies' customers. The Companies' will only initiate transactions if the economic benefit analysis indicates that by doing so the criteria in the table below (i.e., Projected Economic Benefits after potential Transaction) will be satisfied on the transaction date.

Criteria for Economic Benefit Analysis (regarding potential transactions)			
	Probability level	Projected Economic Benefits after Transaction	Forwardness of transaction
1 ⁵	Higher of 68% or the p-level in which the gain/loss ratio equals 7:1	> \$0	All gas seasons

C. Stand-alone Valuation

The Companies reserve the right not to enter into a transaction if the Companies' stand-alone valuation of the transaction⁶ supports a conclusion that the option premium, or fixed energy price, should be greater than the bids of prospective counterparties. The Companies may indicate a bid price floor as a way of providing guidance to prospective counterparties.

D. Amount of Capacity or Energy for Sale

The Companies' reserve the right to sell portions of future capacity or energy indicated in the Position at Risk analysis in lots that seek to be as uniform as possible, to be

⁴ For example, the criterion for the 1st gas season represents the following statement: There is an 80% probability that the net capacity position will be greater than 0 MW after the transaction.

⁵ For example, the criterion for the 1st gas season represents the following statement: There is a 68% probability that the economic benefit from the transaction that is being investigated will be greater than \$0.

⁶ For the stand alone valuation, the Companies' will use financial or other modeling tools

proportionate to the estimated number of Request for Proposal opportunities remaining to delivery, and to recognize the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, and other factors relevant to the analyses.

E. Position at Risk Analysis – Existing Transactions

At least once a month, or more frequently if warranted due to material changes in the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, or other factors relevant to the analyses, the Companies' will conduct a position at risk analysis of existing Forward Sales within the portfolio and will notify the Risk Committee if the criteria in the table below (i.e., Capacity Position) are not satisfied.

Criteria for Position at Risk Analysis (regarding portfolio management)			
	Probability level	Capacity Position	Forwardness of transaction
1	80%	> 0 MW	1st gas season
2	80%	> 0 MW	2nd gas season
3	90%	> 0 MW	3rd gas season

F. Economic Benefit Analysis – Existing Transactions

At least once a month, or more frequently if warranted due to material changes in the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, or other factors relevant to the analyses, the Companies' will conduct an economic benefit analysis of existing Forward Sales within the portfolio and will notify the Risk Committee if the criteria in the table below (i.e., Projected Economic Benefits) are not satisfied.

Criteria for Economic Benefit Analysis (regarding portfolio management)			
	Probability level	Projected Economic Benefits	Forwardness of transaction
1	68%	> \$0	All gas seasons

G. Fuel Purchases to support energy sales

The Companies' reserve the right to purchase fuel to support Forward Sales not to exceed the next three gas seasons unless approved by the Risk Committee.

H. Remedial Actions

If the position at risk criteria and the economic benefit criteria are not satisfied, Market Operations and Trading will notice and make recommendations to Risk Committee for remedial actions to restore the Companies' portfolio of transactions to a position consistent with the above-cited criteria. The Companies will only consider remedial

actions available to the Companies', given the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, and other factors relevant to the analyses.

3. Forward Sales Process

- A. Identification:** Market Operations and Trading will identify potential Forward Sales transaction opportunities of products to be considered that comply with the parameters specified in Appendix A of this manual and the list of approved products included in Appendix D, Section A of the Energy Risk Management and Control Policy.
- B. Opportunity Evaluation:** Market Operations and Trading will complete an Opportunity Analysis Form, taking into consideration the input from Market Analytics and the Forward Sales Leadership Team. The Opportunity Analysis Form shall include terms of the proposed Forward Sales transaction opportunities, the potential impact of the proposed transaction on the portfolio as a whole, and an assessment of the following types of risk:
 - 1. Position:** position at risk considerations associated with the proposed transaction opportunity, including but not limited to the risk and associated cost of re-purchasing capacity that had previously been sold forward.
 - 2. Market:** market related considerations such as liquidity in the proposed product, availability of potential counterparties, availability and cost of transmission required to service the proposed transaction opportunity, availability of exit opportunities, etc.
 - 3. Credit:** credit risk associated with the proposed transaction opportunity and approval from credit of the proposed counterparty (required only when the counterparty has been identified in the Opportunity Analysis Form).
 - 4. Operational:** operational considerations such as the expected availability of generating assets being used to support the proposed transaction opportunity.
 - 5. Legal:** regulatory requirements or constraints associated with the proposed transaction opportunity.
 - 6. Accounting:** derivative accounting implications of the proposed transaction opportunity.
 - 7. Other:** other factors, for example, capital and liquidity requirements to support the proposed transaction opportunity.

The Opportunity Analysis Form also will include a description of the transaction execution approach, i.e., through a Request for Proposal process or through direct negotiations.

4. Requests for Proposals Process

Forward Sales transactions can be originated through the issuance of a Request for Proposal.

- A. Notice to Proceed:** At least two days before a Request for Proposal is issued, Market Operations and Trading will prepare the Opportunity Analysis Form. The Opportunity Analysis Form will be issued to Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team for notification of the intent to solicit proposals.

B. Records Retention Code: Market Operations and Trading is responsible for accumulating and storing the records attributable to Forward Sales Request for Proposals. Market Operations and Trading will assign a code for the Request for Proposal prior to issuing the notice of solicitation. The assigned code will be placed on the Request for Proposal and all associated correspondence initiated by Market Operations and Trading.

C. Notice of Solicitation: At least two days before a Request for Proposal is issued, Market Operations and Trading will notify the following personnel (or their designated representatives) of the intent to solicit proposals:

- Director, Market Analytics;
- Manager, Market Operations and Trading;
- Manager, Energy Supply Contract Management;
- Manager, Risk Control; and
- Credit (Sr Business Risk Control Analyst).

The notice of solicitation will be by email and will contain the following information:

- the date or dates on which bids will be solicited;
- the date or dates on which bids will be received; and
- the types of products for which bids will be solicited.

D. Request for Proposals: Market Operations and Trading will issue the Request for Proposals to include the following information:

- types of products for which proposals are being solicited;
- delivery period or periods for which proposals are being solicited;
- delivery point or points for which proposals are being solicited;
- type or types of pricing deemed acceptable e.g., indexed;
- acceptable index or indices for indexed transactions;
- method or methods by which bids can be submitted;
- the deadline for submitting bids; and
- other information reasonably required by counterparties seeking to return responsive proposals.

At a minimum, the prospective counterparties should be asked to provide the following information in their proposals:

- the types of products being bid;
- the delivery period or periods for which the product is being bid;
- the delivery point or points for the product;
- the quantity of product bid;
- the price(s), price formula(s), or index; and
- the special terms and conditions, if any, applicable to the transaction.

Market Operations and Trading will forward copies of the bids to Market Analytics for tabulation and evaluation. Market Operations and Trading will also forward copies of the bids to Credit, Legal and Energy Supply Contract Management for evaluation of any non-standard terms and conditions. Those groups will review and convey any concerns to Market Operations and Trading.

- E. Deal Analysis:** Market Analytics will provide Market Operations and Trading with a transaction summary identifying potential transaction opportunities for consideration that comply with the parameters specified in Appendix A of this manual. Market Operations and Trading will propose a transaction plan⁷ which includes all the deal details. The transaction plan will also list the reasons for rejecting the unsuccessful bids.⁸
- F. Negotiation and Execution of Contracts:** Market Operations and Trading will only negotiate and execute contracts consistent with the transaction plan. If a prospective counterparty wants to alter its bid prior to completion of negotiations, Market Operations and Trading will forward any relevant revision to Credit, Legal and Energy Supply Contract Management and Market Analytics for review. If the revised proposal is deemed acceptable, Market Operations and Trading will modify the transaction plan accordingly.
- G. Transaction Notification:** Energy Supply Contract Management will circulate the Energy Supply Commitment Threshold Notification Form for each power or gas confirmation with a contract value greater than \$5 million for signature(s) in accordance with the Companies' Energy Risk Management and Control Policy. Completion of the Energy Supply Commitment Threshold Notification Form occurs after execution of the confirmation.
- H. Documentation of Transactions:** The Companies' use two systems to record transactions. One deal capture system is used to record actual deliveries to and from the Companies' systems attributable to all of the Companies' power purchases and sales on a daily basis. However, that database is not used to record financial transactions. Those transactions and all of the purchases and sales with terms of one month or longer are recorded in the other deal capture system; the entries in this deal capture system do not reflect actual deliveries.
- Market Operations and Trading will enter all Forward Sales transactions with terms one month or greater into the appropriate database(s). The transaction details will contain the following information:
- type of transaction;
 - Company for which the transaction was originated;
 - nature of the transaction (purchase or sale);
 - name of the counterparty;
 - name of the counterparty's representative, if applicable;
 - delivery point;
 - quantities of commodity;
 - start date of the transaction;
 - end date of the transaction;
 - pricing terms;

⁷ The transaction plan may be the same document(s) as the tabulation of bids and the tabulation of special terms and conditions.

⁸ Bids that are late or incomplete may be rejected without further evaluation.

⁸ Bids that are late or incomplete may be rejected without further evaluation.

- identification of the Companies' representative; and
- any special terms and conditions.

Risk Control will review the entries for accuracy. Any discrepancies between the transaction details entered in the system and the recorded transaction or confirmation will be reported and promptly resolved.

- I. Records Retention:** The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' forward power sales activities will be retained in accordance with the policy.

5. Direct Negotiation Process

Forward Sales transactions can also be originated through direct negotiations with counterparty.

- A. Notice to Proceed:** Market Operations and Trading will prepare the Opportunity Analysis Form. The Opportunity Analysis Form will be issued to Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team for notification of intent to enter into direct negotiation for a Forward Sales Transaction.
- B. Records Retention Code:** Market Operations and Trading is responsible for accumulating and storing the records attributable to the transaction. Market Operations and Trading will assign and utilize a code prior to negotiating the contract terms with the counterparty. The assigned code will be placed on the contract and all associated correspondence initiated by Market Operations and Trading.
- C. Negotiation and Execution of Contracts:** Market Operations and Trading will only negotiate and execute contracts consistent with the transaction plan. If a prospective counterparty wants to alter its bid prior to completion of negotiations, Market Operations and Trading will forward any relevant revision to Credit, Legal, Energy Supply Contract Management and Market Analytics for review. If the revised proposal is deemed acceptable, Market Operations and Trading will modify the transaction plan accordingly.
- D. Transaction Notification:** Energy Supply Contract Management will circulate the Energy Supply Commitment Threshold Notification Form with contract values greater than \$5 million for signature in accordance with the Companies' Energy Risk Management and Control Policy. Completion of the Energy Supply Commitment Threshold Notification Form occurs after execution of the confirmation.
- E. Documentation of Transactions:** The Companies' use two systems to record transactions. One deal capture system is used to record actual deliveries to and from the Companies' systems attributable to all of the Companies' transactions on a daily basis. However, that database is not used to record financial transactions. Those transactions and all of the transactions with terms of one month or longer are recorded in the other deal capture system; the entries in this deal capture system do not reflect actual deliveries.

Market Operations and Trading will enter all Forward Sales transactions with terms greater than one month into the appropriate database(s). The transaction details will contain the following information:

- type of transaction;
- Company for which the transaction was originated;
- nature of the transaction (purchase or sale);
- name of the counterparty;
- name of the counterparty's representative, if applicable;
- delivery point;
- quantities of commodity;
- start date of the transaction;
- end date of the transaction;
- pricing terms;
- identification of the Companies' representative; and
- any special terms and conditions.

Risk Control will review the entries for accuracy. Any discrepancies between the information entered into the system and the recorded transaction or confirmation will be promptly resolved.

F. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' forward power sales activities will be retained in accordance with the policy.

Appendix B: Opportunity Analysis Form

Date:

Summary: Provide a brief summary of the proposed transaction opportunity

Key Findings: Provide a brief summary of the key finding from the position-at-risk analysis

Potential Products: Describe proposed transaction type

Terms: Describe proposed transaction opportunity terms

Counterparty: Identify the counterparty name if already known

Valuation: State the fair value of the proposed transaction opportunity

Portfolio Impact: Describe the impact of the proposed transaction on the portfolio. For example, change in the energy and capacity position if the proposed transaction opportunity is executed.

Benefits: Describe impact of the proposed transaction opportunity on fuel and purchased power costs

Risk Analysis:

Risk	Risk Mitigation
Position (enumerate position at risk considerations here)	(describe risk mitigation strategy)
Market (enumerate market risk considerations here)	(describe risk mitigation strategy)
Credit (enumerate credit risk considerations here)	(describe risk mitigation strategy)
Operational (enumerate operational risk considerations here)	(describe risk mitigation strategy) For example, describe how the proposed transaction will be structured to reflect the characteristics and costs of the underlying generation unit
Regulatory / Legal (enumerate regulatory / legal risk considerations here)	(describe risk mitigation strategy)
Others (enumerate other risk considerations here)	(describe risk mitigation strategy) For example, describe the impact of proposed transaction on fuel and purchased power costs

Exit Strategy: Describe plan of action if NV Energy had to unwind the position. Also, discuss relevant considerations here.

Accounting: Describe any accounting or ASC 815 considerations here.

Appendix C: Procedure Revision Log

Date	Revision(s)
[need date]	<p>Modified Existing Policy.</p> <ol style="list-style-type: none"> 1. Updated titles of personnel and department titles. 2. Updated table of contents. 3. Removed language from Risk Committee approving the Opportunity Analysis and Approval Form ("OA&A). 4. Added Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team as the reviewers and approvers of the OA&A form and removed "ERC." 5. Clarified the Transaction Notification and reduced the threshold notification from \$7.5 million to \$5 million. 6. Added definition of standard transaction
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated titles and department names 2. Modified the organizational framework language and responsibilities: <ul style="list-style-type: none"> • Replaced Power Origination with Market Operations and Trading • Replaced Portfolio Analytics with Market Analytics 3. Modified the notice of solicitation to personnel essential to the successful execution and completion of the Request for Proposal 4. Replaced the Opportunity Analysis and Approval Form with an Opportunity Analysis Form
November 16, 2022	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated titles

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~~December 14, 2022~~August 16, 2023

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Revisions approved by the Risk Committee on ~~December 14, 2022~~August 16, 2023

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NV Energy Power Procedures Manual

I. Introduction

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific Power”) (together, the “Companies”) are engaged in the generation, transmission and distribution of electric energy in Nevada. The Companies deal in the electric energy markets to meet a portion of the energy requirements for their customers.

This manual applies to physical and financial transactions related to the Companies’ power activities, excluding renewable transactions. The primary purpose of this manual is to assure the efficient and accurate processing of power transactions, the effective preparation and distribution of information relating to those activities, and the effective management of those trading activities.

These procedures are consistent with the provisions of the Energy Risk Management and Control Policy. This manual may be updated to reflect changes to the Energy Risk Management and Control Policy.

The Companies have adopted and may in the future adopt other policies and procedures that may impact the Companies’ power activities. This manual will complement the Forward Sales Procedures Manual, Natural Gas Procedures Manual, Energy Risk Management and Control Policy, and Credit Risk Management and Control Policy.

II. Organization Framework

A. **Overview:** The policy framework governing the Companies’ power transactions is set forth in the Energy Risk Management and Control Policy. This section of the manual outlines the responsibilities of the various Company groups to support the Companies’ power procurement and sale activities. These company groups include Credit Risk Management, Energy Supply Contract Management, Fuel and Purchased Power Accounting, Market Analytics, Market Operations and Trading, Resource Planning and Analysis, Risk Control, and Trading Operations.

B. **Credit Risk Management** is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to power;
- Approving counterparties for transactions related to power before the Companies enter into transactions with them;
- Maintaining the Companies’ list of approved counterparties for transactions related to power;
- Maintaining, updating, and reviewing the Master Bidders’ List;
- Monitoring and reporting on the creditworthiness of those counterparties;
- Calculating potential exposures related to power transactions;
- Calculating collateral requirements, if any, to be posted by those counterparties and overseeing the receipt of that collateral;
- Maintaining records of the collateral posted by counterparties; the original collateral is

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- kept in Credit Risk Management;
- Resolving credit issues with counterparties;
- Maintaining a list of unresolved credit concerns;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to power; and
- Notifying Manager, Power and Gas Trading when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk.

C. Energy Supply Contract Management is responsible for:

- Managing the long-term power contracts including, but not limited to, contract compliance, accounting settlements, dispute resolution, and relationship management;
- Maintaining power counterparty contract and trading status information in the system of record;
- Managing the Confirmation process for power transactions, i.e.,:
 - a) Reviewing the terms and conditions included in Confirmations received from counterparties to ensure consistency with the system of record and Market Operations and Trading, Legal, and Credit Risk Management requirements;
 - b) As required, sending Confirmations to counterparties where the terms and conditions are consistent with the system of record and Market Operations and Trading, Legal, and Credit Risk Management requirements; and
 - c) Facilitating the Confirmation execution process.
- Leading the negotiation process of master agreements, if applicable;
- Maintaining the master agreements and associated power Confirmations in accordance with the Corporate Records Retention Schedule;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification level set forth in the Energy Risk Management and Control Policy; and
- Providing general contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analytics, and Fuel and Purchased Power Accounting.

D. Fuel and Purchased Power Accounting is responsible for:

- Verifying the accuracy of invoices received by the Companies for transactions related to short-term power;
- Resolving issues regarding those invoices;
- Submitting final invoices to authorized personnel for approval;
- Processing settlement packages and presenting them to Accounts Payable or Treasury for payment;
- Processing approved pre-payments and presenting them to Accounts Payable or Treasury for payment;
- Preparing and issuing invoices for sales of power to counterparties;
- Ensuring the timely collection of receivables attributable to sales of power;
- Verifying the settlement amounts from financial transactions;
- Supervising the payment and receipt of all settlements flowing from financial transactions related to power;

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- Preparing or assisting with the preparation of periodic reports;
- Accounting for all transactions related to power; and
- Working with Risk Control to arrange for the adjustment of the Companies' records if necessary to reflect data from the final invoices;
- Completing the settlement process for financial options based on information from the system of record; and
- Reconciling the accounts to confirm the accuracy of the power accounting.

E. Resource Optimization is responsible for the following duties related to transactions for real-time, day-ahead, current month, and less than three-years:

- Maintaining Federal Energy Reliability Commission ("FERC") compliance, providing supporting documentation for proper use of network integrated transmission service and temporarily undesignating designated resources to facilitate third party wholesale sales;
- Executing transactions in accordance with the Energy Risk Management and Control policy, and in compliance with regulatory requirements, company policies, procedures, and the Energy Supply Plans;
- Originating and negotiating transactions including, utilizing unused assets, daily and balance of the month optimization;
- Price discovery;
- Orally executing transactions with counterparties via recorded telephone line;
- Recording incidents of material supplier non-performance and other unacceptable acts or omissions, and notifying Manager, Power and Gas Trading;
- Logging all information relevant to power trading activities;
- Coordinating the physical delivery of power in accordance with WECC and NERC requirements;
- Identifying prospective counterparties;
- Presenting viable counterparties to Credit Risk Management for review and approval;
- Entering data for the Companies transactions related to power into the deal capture system;
- Checking transactions for compliance with limits and seeking prior approval if a transaction will exceed approvals set forth in Appendix A;
- Amending transactions per Risk Control;
- Review and approval of invoices and confirmations related to power transactions;
- Corresponding with counterparties to determine market opportunities;
- Managing unsolicited proposals;
- Issuing and facilitating the request for proposal process;
- Corresponding directly with counterparties throughout a request for proposal process;
- Negotiating transactions directly with counterparties;
- Preparing or assisting with the preparation of periodic reports; and
- Records retention associated with request for proposals or unsolicited proposals.

F. Market Analytics is responsible for the following duties related to transactions for the day-ahead and less than two years:

- Preparing short-term forecasts of customer energy requirements;

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- Providing analytical support and documentation for request for proposals, daily, monthly and forward trading activities including physical power, financial power products, and transmission;
- Preparing or assisting with the preparation of periodic reports;
- Monitoring the status, operational limits, and availability of generating plants;
- Communicating anticipated load requirements to the balancing authority;
- Developing, establishing, implementing, and maintaining methodologies, models, and techniques facilitating energy risk management, as necessary;
- Determining the marginal, incremental and decremental costs associated with generation assets;
- Designating network resources;
- Monitoring transmission availability throughout the Western Electric Coordinating Council ("WECC");
- Reconciling settlement discrepancies; and
- Performing merchant settlement validation of California Independent System Operator transactions.

G. Resource Planning and Analysis is responsible for:

- Developing forecasts of power prices;
- Developing the Companies' Energy Supply Plans;
- Analyzing power transaction opportunities for products longer than three years in duration;
- To the extent necessary, analyzing power related resources available to the Companies to help to ensure the optimal choice of resources; and
- Preparing or assisting with the preparation of periodic reports.

H. Risk Control is responsible for:

- Preparing or assisting with the preparation of periodic reports;
- Comparing actual power deliveries received by the Companies to the quantities shown in the Companies' records and notifying Power Optimization of any discrepancies;
- Arranging for the adjustment of data entered into the deal capture system if necessary to reflect data from tapes of transactions, final invoices and/or other records; and
- Monitoring compliance with the Companies' policies per the Energy Risk Management and Control Policy.

I. Trading Operations is responsible for:

- Preparing real-time forecasts of customer energy requirements;
- Providing analytical support and documentation to facilitate real-time power transactions;
- Communicating anticipated load requirements to the balancing authority;
- Determining the marginal, incremental and decremental costs associated with generation assets;
- Identifying resources in excess of committed generation available for potential sales;
- Providing timely and accurate reporting of information on the operating status of power supply resources;

- Submitting resource plans representing the Companies' hourly level demand forecasts; and
- Providing timely and accurate forecast data (i.e. expected load, imports, and exports) during the operating hour.

III. Optimizing Power Assets

In accordance with the Energy Risk Management and Control Policy and in compliance with all regulatory requirements and company policies, and obligations the companies will:

- Develop strategies
- Establish trading partners
- Analyze positions
- Determine potential opportunities
- Prepare valuations
- Provide analytical support and documentation for trading activities and hedging
- Execute transactions in accordance with the approved Energy Supply Plans
- Control risk, accuracy and assurance
- Conduct performance review
- Record retention

A. Energy Supply Plans: Each of the Companies will maintain an approved Energy Supply Plan to govern the purchase and sale of power and the associated transmission services. Power transactions are entered into pursuant to the Companies' Energy Supply Plan. The Companies will not execute any material transactions that deviate from the approved Energy Supply Plans without the prior approval of the Risk Committee.

B. Approved Suppliers: Credit Risk Management is responsible for maintaining the Companies' lists of approved suppliers. The Companies will not execute any transactions with entities that are not in the approved system of record.

A prospective supplier may be added to the list of approved suppliers after its ability to perform in accordance with its commitments has been confirmed. Credit Risk Management is responsible for soliciting the information needed to investigate a prospective supplier. Credit Risk Management is responsible for evaluating the prospective supplier's performance and financial condition. The prospective supplier will only be added to the list of approved suppliers if the performance and financial reviews support a conclusion that the prospective supplier will be able to perform in accordance with the obligations inherent in the types of transactions for which the supplier is being considered.

A supplier may be removed from the list of approved suppliers:

- If additional transactions with the supplier would cause limits set forth in the Energy Risk Management and Control Policy to be exceeded¹; Credit Risk Management is responsible for monitoring the status of the suppliers. Credit Risk Management will return suppliers which have been removed from the list because of pending transactions, to the list after the transactions have been completed;
- If the supplier's financial condition changes in a manner that materially erodes its creditworthiness; Credit Risk Management is responsible for monitoring the financial condition of the suppliers. Normally, Credit Risk Management will return suppliers, which have been removed from the list because of their financial conditions, to the list after their financial condition improves;
- If the supplier is involved in arbitration or litigation to settle disputes with the Companies;
- If the supplier sells its assets or takes other actions indicative of its desire to exit the business; or
- If the supplier fails to perform in accordance with its commitments or otherwise acts in a manner that undermines the Companies' efforts to acquire competitively priced power and transmission services consistent with its plans. Market Operations and Trading, and Energy Supply Contract Management are responsible for recording material failures to perform and other acts or omissions deemed unacceptable. Market Operations and Trading, and Energy Supply Contract Management are also responsible for recommending disqualification of a supplier to Credit Risk Management if justified by failure to perform or other acts or omissions.

C. Written Contracts: The Companies will not enter into any power transaction without a written contract delineating the associated terms and conditions. The contract may be an agreement developed for a specific transaction, a standard agreement developed by the Companies, or a master agreement. Master agreements will include, but not limited to the International Swap and Derivatives Association ("ISDA") Agreement with a Power Annex, Edison Electric Institute, Western Systems Power Pool ("WSPP") Agreement, or California Carbon Allowance ("CCA").

Energy Supply Contract Management is responsible for the negotiation of master agreements, if applicable, and other contracts with approved suppliers with support from Legal, Resource Optimization, and Credit Risk Management. Market Operations and Trading is responsible for the negotiation of all short-term transactions (as defined below) that are not entered exclusively pursuant to a master trading agreement. Energy Supply Contract Management facilitates the management of the associated Confirmations per the

¹ The available exposure limit for the supplier may be set to zero as an alternative to removing the supplier from the list

Energy Risk Management and Control Policy and Power Procedures Manual. Master Agreements and associated Confirmations are maintained in accordance with the Corporate Records Retention Schedule.

D. Long-Term Transactions: Standard power transactions beyond the current month and less than three-years will be originated and negotiated by Resource Optimization. Transactions may be executed using a request for proposals process or through direct negotiation.

- Financial Power: The Companies may acquire financial instruments² in conjunction with their power procurement efforts.
 - a) Decision to Proceed: Market Analytics will provide analytical support and documentation of financial power positions. Power Trading will establish the timing and scope of financial power transactions.
 - b) Market Surveys: Power and Gas Trading will contact one or more prospective suppliers to determine the prevailing market price and associated terms and conditions for financial instruments. The prospective supplier or suppliers will be drawn from the Companies' list of approved suppliers. The timing and the manner of the market surveys will be consistent with the practices of the markets that are being surveyed. Power and Gas Trading will document the information obtained during the market surveys.
 - c) Evaluation: Power and Gas Trading, with the assistance of Resource Planning and Analysis, and/or Market Analytics will evaluate the opportunities available to the Companies. The evaluations will primarily address economic considerations.
 - d) Origination of Transactions: Power and Gas Trading will check the transaction to ensure compliance with the limits set forth in the Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Power and Gas Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges.
 - e) Documentation of Transactions: Power and Gas Trading will document all transactions involving financial instruments by entering the pertinent information into the system of record.
- Physical Power: The Companies may acquire physical power in conjunction with their power procurement efforts.

² The types of financial instruments are defined in the Energy Risk Management and Control Policy
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- a) Decision to Proceed: Resource Planning and Analysis and/or Market Analytics will provide analytical support and documentation of physical power positions. Power and Gas Trading will establish the timing and scope of physical power transactions.
- b) Market Surveys: Power and Gas Trading will contact one or more prospective suppliers to determine the prevailing market price and associated terms and conditions for physical power. The prospective supplier or suppliers will be drawn from the Companies' list of approved suppliers. The timing and the manner of the market surveys will be consistent with the practices of the markets that are being surveyed. Power and Gas Trading will document the information obtained during the market surveys.
- c) Evaluation: Power and Gas Trading, with the assistance of Resource Planning and Analysis, and/or Market Analytics will evaluate the opportunities available to the Companies. The evaluations will primarily address economic considerations.
- d) Origination of Transactions: Power and Gas Trading will check the transaction to ensure compliance with the limits set forth in Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Market Operations and Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges.
- e) Documentation of Transactions: Power and Gas Trading will document all transactions involving physical power by entering the pertinent information into the system of record.

E. Short-Term Transactions: Physical power transactions including real time, day ahead and balance of the month will be originated and negotiated by Power Trading. Variations in the Companies' power requirements and/or the availability of generating capacity may create opportunities for sales of power. For sales of power into California, California Carbon allowances ("CCAs") are required pursuant to the California Air Resource Board ("CARB") cap-and-trade regulations which are in sections 95800 to 96023 of Title 17, California Code of Regulations. Power transactions with terms within the current month often must be executed quickly because of reliability and related considerations. If the amount of a transaction exceeds the guidelines set forth in Appendix A, the Power Trader will notify the Manager, Power and Gas Trading as soon as practicable after executing the transaction. Additionally, the Power Trader will adhere with the limits set forth in the Appendix A. Transactions must be in compliance with FERC, Public Utilities Commission of Nevada ("PUCN"), and Company policies and procedures.

- a) **Decision to Proceed:** Market Analytics and/or Trading Operations will provide analytical support and documentation for power transactions. Power Trading will determine carbon allowance requirement associated with sales of power into California.
- b) **Price Discovery:** Power Trading will determine the prevailing market price for power and carbon allowance transactions using methods including but not limited to, contacting suppliers, brokers, and Intercontinental Exchange.
- c) **Origination of Transactions:** Power Trading will transact in accordance with the Companies' policies and procedures. Market Operations and Trading will check the transaction to ensure compliance with the limits set forth in the Appendix A. If a proposed transaction exceeds one or more limits, the Power Trader will contact the Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Power and Gas Trading will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges. Transactions must be in compliance with FERC, PUCN, and Company policies and procedures.
- d) **Confirmations:** When transacting with a counterparty, Energy Supply Contract Management will adhere to the Confirmation requirements of the WSPP Agreement as well as the Energy Risk Management and Control Policy.
- e) **Documentation of Transactions:** Power Trading will document all transactions involving physical power by entering the pertinent information into the system of record.

F. Transmission Service Transactions: Power Trading may purchase point to point transmission from entities on the list of approved suppliers with which the Companies have executed any required transmission service agreement(s). Power Trading may purchase transmission for delivery of physical energy to a load or approved counterparty.

G. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for the Companies' accounting, billing, collection, and reporting efforts as they pertain to power.

- a) **Supplier Invoices:** Accounting is responsible for processing supplier invoices pertaining to short-term power and transmission. Energy Supply Contract Management, Risk Control, Market Analytics, and Power and Gas Trading will assist Accounting with the resolution of settlement discrepancies if necessary.
- b) **Sales Invoices:** Accounting is also responsible for processing invoices for short-term power sales by the Companies. Energy Supply Contract Management, Risk Control, Market Analytics, and Power and Gas Trading will assist Accounting with the resolution of settlement discrepancies if necessary.

- c) Adjustments to Database(s): Risk Control will direct Power and Gas Trading to adjust the system of record to reflect the final settlements with the buyers and suppliers.

H. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' power procurement activities will be retained in accordance with the policy.

I. Confidentiality: All data and documents retained in conjunction with the Companies' power procurement efforts will be deemed commercially sensitive if they contain:

- a) The names of counterparties;
- b) The prices paid or received for power or transmission services; or
- c) Other information covered by the confidentiality provisions of the Companies' contracts.

Commercially sensitive data and documents should only be distributed only to the employees of the Companies who need access to the data and documents during the performance of their assigned duties.

Commercially sensitive data and documents should not be provided to anyone outside the Companies without the prior approval of the Legal Department.

IV. Approval and Modifications

This manual has been approved by the Risk Committee. The Vice President, Resource Optimization is responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

Appendix A: Approval Guidelines per Transaction Title	Limit – RFPs and Daily Trades*
<i>Chief Executive Officer, Berkshire Hathaway Energy Company</i>	<i>Unlimited</i>
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>
<i>Vice President, Resource Optimization^{[1], [2]}</i>	<i>\$12,500,000</i>
<i>Director, Trading Analytics & Operations^{3, [3]}</i>	<i>\$7,500,000</i>
<i>Director, Contract Management and Special Programs (Amendments/Settling disputes only)</i>	<i>\$7,500,000</i>
<i><u>Director, Gas Trading</u></i>	<i><u>\$7,500,000</u></i>
<i><u>Director, Power Trading</u></i>	<i><u>\$7,500,000</u></i>
<i><u>Manager, Gas Trading</u></i>	<i><u>\$5,000,000</u></i>
<i><u>Manager, Power and Gas Trading</u></i>	<i><u>\$5,000,000</u></i>
<i>Resource Optimization Manager</i>	<i>\$5,000,000</i>
<i>Traders</i>	<i>\$1,000,000</i>

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

*** To ensure reliability, approvals of daily trades may happen after trade execution.**

^[1] Applies to transactions longer than one month

^[2] Applies to transactions pertaining to the table in Appendix D, Section C

^[3] Applies to transactions pertaining to the table in Appendix D, Section B

Appendix B: Policy Revision Log

Date	Revision(s)
December 22, 2014	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Modified the title page and the table of contents page 2. Modified the introduction language 3. Updated titles and department names 4. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Power Contracts • Added Power Origination • Moved the Power Contracts responsibilities to Power Origination • Added Commercial Trading and Strategy • Replaced Power Optimization with Market Operations and Trading • Removed Transaction and Market Analysis • Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics 5. Modified the confirmation language and referenced adherence to the WSPP Agreement and the Energy Risk Management and Control Policy. 6. Added a policy revision log
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Updated titles and department names 2. Added responsibilities associated with the companies' participation in the California Independent System Operation's Energy Imbalance Market 3. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Commercial Trading and Strategy • Removed Power Origination • Added Trading Operations • Moved the Commercial Trading and Strategy responsibilities to Market Analytics • Moved Power Origination responsibilities to Market Operations and Trading
November 17, 2021	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Manager, Market Operations and Trading was replaced throughout the policy with the new role of Manager, Power and Gas Trading 2. Revised one of the responsibilities of Energy Supply Contract Management

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	3. Market Operations and Trading was replaced throughout the policy with Resource Optimization
December 14, 2022	Modified existing policy 1. Updated title changes through-out the procedures 2. Increased CEO limits to \$100,000,000
<u>August 16, 2023</u>	<u>Modified existing policy</u> 1. <u>Updated title changes through-out the procedures</u>

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NV ENERGY

FORWARD POWER SALES PROCEDURES MANUAL

~~December 14, 2022~~ August 16, 2023

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Revisions approved by the Risk Committee on ~~December 14, 2022~~ August 16, 2023

NV ENERGY FORWARD POWER SALES PROCEDURES MANUAL

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NV ENERGY FORWARD POWER SALES PROCEDURES MANUAL

I. **Introduction**

This manual outlines the organization, governance, processes and procedures for Forward Sales activities for power and capacity, which will address intermediate to long-term transactions (excluding prompt month).

The procedures documented herein are consistent with the Risk Management and Control Policy and the Energy Risk Management and Control Policy. The Companies' have documented other procedures that could have an impact on the Companies' Forward Sales activities in the Power Procedures Manual, Natural Gas Procedures Manual, Credit Risk Management Policy Manual, and the Credit Procedures Manual.

II. **Overview of Forward Sales**

Portfolio Optimization activities address strategic, tactical, analytical, transactional, and operational issues related to structuring the Companies' portfolio of resources, including generation resources and assets, purchased power contracts, and fuel contracts, based upon reliability considerations, economic factors, and changes in anticipated load. Forward Sales are one aspect of overall Portfolio Optimization. Forward Sales activities will take place within a structured environment where policies, processes, controls, limits, and checks and balances facilitate and standardize the inspection and assessment of strategies, tactics, and transactions from their conception to potential implementation and execution. Forward Sales includes the identification and execution of intermediate to long-term power transactions within the parameters specified in Appendix A, *Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities* of this manual and Appendix D - Section A of the Energy Risk Management and Control Policy. Forward Sales may only be negotiated and executed as standard transactions as defined in section V.C.2 of the Energy Risk Management and Control Policy. The scope of the Forward Sales activities will cover the next four natural gas seasons, including the current season¹ (the "Inspection Period"); however, any transactions will be limited to the next three natural gas seasons, including the current season (the "Actionable Period"), unless authorized by the Risk Committee.

¹ The Summer Season spans April 1 through October 31. The Winter Season spans November 1 through March 31.

III. **Organizational Framework**

A. Overview

The policy framework governing the Companies' Forward Sales activities is set forth in the Risk Management and Control Policy and the Energy Risk Management and Control Policy.

This section of the manual outlines the additional responsibilities of the various Company elements to support Forward Sales activities. These Company elements include:

- Risk Committee
- Forward Sales Leadership Team
- Market Analytics
- Market Operations and Trading
- Energy Supply Contract Management
- Risk Control
- Accounting; and
- Legal

B. Risk Committee

For the purpose of this manual, Risk Committee has full authority to:

- Approve the Forward Sales strategy, limits and risk metrics (Appendix A) that will define the scope of Forward Sales activities; and
- Approve this Forward Sales Procedures Manual and any subsequent changes to this manual

C. Forward Sales Leadership Team

For the purposes of this manual, the Forward Sales Leadership Team comprises of the following personnel:

- ~~Director, Market Analytics~~ Vice President, Resource Optimization; and
- ~~Manager, Market Operations and Trading~~ Director, Trading Operations
- Manager, Power Trading

The Forward Sales Leadership Team (or a subset thereof) is responsible for:

- Proposing to the Risk Committee the Forward Sales strategy, limits and risk metrics (Appendix A) that define the scope of the Forward Sales activities;
- Reviewing and approving any changes to the analytical models being used in support

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of Forward Sales activities;

- Reviewing the position reports developed by Market Analytics; and
- Reviewing and approving the Opportunity Analysis Form.

D. Market Analytics

For the purposes of this manual, Market Analytics is responsible for:

- Maintaining the analytical models and data required to support Forward Sales activities;
- Utilizing models to analyze economic energy, capacity and fuel positions;
- Preparing position reports and conducting discussions with the Forward Sales Leadership Team to identify potential transaction opportunities related to Forward Sales;
- Provide internal costs to serve products within the transaction summary
- Performing position at risk analysis and economic benefit analysis for both potential transactions and existing Forward Sales transactions within the portfolio; and
- Preparing or assisting with the preparation of reports as directed by Risk Committee.

E. Market Operations and Trading

For the purposes of this manual, Market Operations and Trading is responsible for:

- Identifying potential transaction opportunities in support of Forward Sales objectives;
- Providing informational updates to the Risk Committee on Forward Sales efforts;
- Notifying Risk Committee when existing Forward Sales transactions fail to meet the economic or capacity criteria specified in Appendix A, Section 2 of this manual;
- Preparing the Opportunity Analysis Form;
- Corresponding with counterparties to determine market opportunities;
- Managing unsolicited proposals for Forward Sales opportunities;
- Issuing Request for Proposals and facilitating the Request for Proposal process;
- Executing the transaction plan;
- Corresponding directly with counterparties throughout the Request for Proposal process;
- Working directly with Credit and Legal to finalize contract language;
- Negotiating transactions directly with counterparties;
- Orally executing transactions with counterparties via recorded telephone line;
- Entering executed transactions into the appropriate systems of record; and

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- Records retention associated with Forward Sales efforts.

F. Credit Risk Management

For the purposes of this manual, Credit is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to Forward Sales;
- Approving counterparties for transactions related to power before the Companies enter into transactions with them;
- Maintaining the Companies' list of approved counterparties for transactions related to power;
- Maintaining, updating, and reviewing the Master Bidders' List;
- Monitoring and reporting on the creditworthiness of counterparties;
- Maintaining records of the collateral posted by counterparties; the original collateral is kept in Credit;
- Resolving credit issues with counterparties;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to Forward Sales;
- Notifying Resource Optimization leadership of credit exposure issues as referenced in Credit Risk Management and Control Policy;
- Calculating collateral requirements and managing collateral posted by the Companies because of transactions related to power; and
- Calculating potential exposures related to natural gas transactions.

G. Energy Supply Contract Management

For the purposes of this manual, Energy Supply Contract Management is responsible for:

- Managing energy supply contracts per their terms including the invoice settlement function for long-term power and natural gas transport contracts;
- Leading the negotiation process of Master Agreements for physical/financial gas, power and carbon;
- Maintaining counterparty contract and trading status information in the systems of record;
- Managing the confirmation process for term physical/financial gas and power transactions;
- Leading the negotiation process for non-standard power contract amendments;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification levels set forth in the Energy Risk Management and Control Policy;
- Maintaining energy supply contracts in accordance with the Corporate Records Retention Schedule; and
- Providing contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analysis, Fuel & Purchased Power Accounting, etc.

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H. Risk Control

For the purposes of this manual, Risk Control is responsible for:

- Assisting the Forward Sales Leadership Team with the identification of limits and risk metrics associated with the approved Forward Sales strategies, as specified in Appendix A;
- Monitoring adherence to the Companies' relevant policies and procedures; and
- Providing information at each Risk Committee meeting identifying any forward sales that are not consistent with transactions approved under the Energy Supply Plan and verifying compliance with the Forward Power Sales Procedures Manual.

I. Accounting

For the purposes of this manual, Accounting is responsible for:

- Reviewing and identifying the ASC 815 implications of the proposed Forward Sales transaction opportunities;
- Updating and maintaining the Derivative Accounting Policies to support the Forward Sales efforts; and
- Ensuring settlements for transactions are accurately recorded in the financial system of record.

J. Legal

For the purposes of this manual, Legal is responsible for:

- Assisting the Forward Sales Leadership Team in identifying and complying with the relevant legal and regulatory requirements and guidelines pertaining to Forward Sales activities; and
- Reviewing master agreements and confirmations to facilitate Forward Sales.

IV. Forward Sales Procedures

Processes and procedures required to support the incremental transactions that Forward Sales will address are outlined below. Forward Sales activities will comply with this manual, as well as the contract management, counterparty approval, settlements, scheduling, and records retention requirements set forth in the effective power procedures, and credit procedures manuals.

A. Limits on Transactions

Forward Sales activities will be in compliance with the authority limits set forth in the Energy Risk Management and Control Policy, including but not limited to Appendix D -

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Section B and Forward Sales strategies and limits as stated in Appendix A of this document.

B. Strategy Development

Market Operations and Trading will present proposed Forward Sales strategies to the Risk Committee for approval. Approved strategies will be represented in *Appendix A, Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities*.

C. Market Analysis

On an ongoing basis, Market Operations and Trading will perform market analysis to help inform management with regard to the risks and opportunities that may arise from the Companies' Forward Sales activities. Market factors to be considered may include regional energy supply and demand drivers, environmental considerations, and regulatory developments, among others.

D. Position Reporting

Market Analytics will use a dispatch model² to analyze and report on the Companies' respective capacity, economic energy, and fuel burn positions (as needed). The position reports will include the expected positions as well as uncertainty around the expected positions. The uncertainty around the expected positions will be analyzed using a Monte Carlo simulation within the dispatch model and will be reported at various confidence levels³ and at a monthly level for the Inspection Period.

E. Opportunity Analysis Form

Market Operations and Trading will prepare the Opportunity Analysis Form to summarize Forward Sales transaction opportunities.

F. Transaction Execution

Forward Sales transactions will be executed through either a Request for Proposal process or direct negotiations with a counterparty. The direct negotiation process will be used if a counterparty presents a Forward Sales transaction opportunity to the Companies.

G. Transmission Service Transactions

Resource Optimization may purchase power transmission service to support the Forward Sales transactions. The requirement to obtain power transmission service will be

² Market Analytics will maintain documentation regarding the model including the underlying approach, sources of model inputs, model parameters and their estimation, model outputs and any other relevant model details.

³ For example, a Position at Risk statement could indicate that there is a 95% probability that the Net Capacity position will exceed 100 MW for on-peak hours during a given month.

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considered by Market Operations and Trading. These transactions will be executed per the guidelines specified in the Power Procedures Manual.

V. **Approval and Modifications**

This manual has been approved by the Risk Committee. The Vice President of Resource Optimization will be responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

Appendix A: Statement of Strategy, Limits, and Risk Metrics for Forward Sales Activities

The Companies operate generation resources and assets and transact in various markets for physical commodities and financial instruments to the end of prudently serving power and gas customers in their respective service territories. Their operations are guided by primary objectives that are indicated in the Companies' respective Energy Supply Plans, namely balancing the principle objectives of:

- Minimizing the cost of supply, which includes mitigating ratepayer costs by optimizing power and fuel resources in the light of changing projected loads, resources, and market conditions;
- Minimizing retail price volatility; and
- Maximizing the reliability of energy supply over the term of the energy supply plan.

1. Strategy Statement

The Companies' primary strategy regarding Forward Sales activities is to sell capacity, energy, and ancillary services from available generation on a forward basis. The Companies' will enter into Forward Sales transactions only if they have confidence, as articulated through the probabilities in the tables below, that they will have a long capacity position and that the transactions will yield positive economic benefits for their customers (i.e., a favorable impact on estimated net system production cost defined as the difference between estimated incremental revenue and estimated incremental system cost). Forward products sold by the Companies will have delivery periods not to exceed the next three gas seasons, unless authorized by the Risk Committee. The Companies' may have to procure natural gas and transportation to meet the obligations attributable to the Forward Sales transactions. However, any heat rate call options will be structured such that the fuel cost risk is borne by the counterparty.

2. Limits and Risk Metrics Statement – Portfolio Analytics and Management

A. Position at Risk Analysis – Potential Transactions

Position at Risk analysis will be used to assess the probability that the Companies' capacity position may fall below the specified threshold level. The Companies will only initiate transactions if the position at risk analysis indicates that by doing so the criteria in the table below (i.e., Capacity Position after potential Transaction) will be satisfied on the transaction date.

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Criteria for Position at Risk Analysis (regarding potential transactions)			
	Probability level	Capacity Position after Transaction	Forwardness of transaction
1 ⁴	80%	> 0 MW	1st gas season
2	80%	> 0 MW	2nd gas season
3	90%	> 0 MW	3rd gas season

B. Economic Benefit Analysis – Potential Transactions

Economic benefit analysis will be used to assess the probability that the transactions will yield positive economic benefits to the Companies' customers. The Companies' will only initiate transactions if the economic benefit analysis indicates that by doing so the criteria in the table below (i.e., Projected Economic Benefits after potential Transaction) will be satisfied on the transaction date.

Criteria for Economic Benefit Analysis (regarding potential transactions)			
	Probability level	Projected Economic Benefits after Transaction	Forwardness of transaction
1 ⁵	Higher of 68% or the p-level in which the gain/loss ratio equals 7:1	> \$0	All gas seasons

C. Stand-alone Valuation

The Companies reserve the right not to enter into a transaction if the Companies' stand-alone valuation of the transaction⁶ supports a conclusion that the option premium, or fixed energy price, should be greater than the bids of prospective counterparties. The Companies may indicate a bid price floor as a way of providing guidance to prospective counterparties.

D. Amount of Capacity or Energy for Sale

The Companies' reserve the right to sell portions of future capacity or energy indicated in the Position at Risk analysis in lots that seek to be as uniform as possible, to be

⁴ For example, the criterion for the 1st gas season represents the following statement: There is an 80% probability that the net capacity position will be greater than 0 MW after the transaction.

⁵ For example, the criterion for the 1st gas season represents the following statement: There is a 68% probability that the economic benefit from the transaction that is being investigated will be greater than \$0.

⁶ For the stand alone valuation, the Companies' will use financial or other modeling tools

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proportionate to the estimated number of Request for Proposal opportunities remaining to delivery, and to recognize the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, and other factors relevant to the analyses.

E. Position at Risk Analysis – Existing Transactions

At least once a month, or more frequently if warranted due to material changes in the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, or other factors relevant to the analyses, the Companies' will conduct a position at risk analysis of existing Forward Sales within the portfolio and will notify the Risk Committee if the criteria in the table below (i.e., Capacity Position) are not satisfied.

Criteria for Position at Risk Analysis (regarding portfolio management)			
	Probability level	Capacity Position	Forwardness of transaction
1	80%	> 0 MW	1st gas season
2	80%	> 0 MW	2nd gas season
3	90%	> 0 MW	3rd gas season

F. Economic Benefit Analysis – Existing Transactions

At least once a month, or more frequently if warranted due to material changes in the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, or other factors relevant to the analyses, the Companies' will conduct an economic benefit analysis of existing Forward Sales within the portfolio and will notify the Risk Committee if the criteria in the table below (i.e., Projected Economic Benefits) are not satisfied.

Criteria for Economic Benefit Analysis (regarding portfolio management)			
	Probability level	Projected Economic Benefits	Forwardness of transaction
1	68%	> \$0	All gas seasons

G. Fuel Purchases to support energy sales

The Companies' reserve the right to purchase fuel to support Forward Sales not to exceed the next three gas seasons unless approved by the Risk Committee.

H. Remedial Actions

If the position at risk criteria and the economic benefit criteria are not satisfied, Market Operations and Trading will notice and make recommendations to Risk Committee for remedial actions to restore the Companies' portfolio of transactions to a position consistent with the above-cited criteria. The Companies will only consider remedial

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actions available to the Companies', given the status of the Companies' energy supply resources, the prevailing conditions in the energy markets, and other factors relevant to the analyses.

3. Forward Sales Process

- A. Identification:** Market Operations and Trading will identify potential Forward Sales transaction opportunities of products to be considered that comply with the parameters specified in Appendix A of this manual and the list of approved products included in Appendix D, Section A of the Energy Risk Management and Control Policy.
- B. Opportunity Evaluation:** Market Operations and Trading will complete an Opportunity Analysis Form, taking into consideration the input from Market Analytics and the Forward Sales Leadership Team. The Opportunity Analysis Form shall include terms of the proposed Forward Sales transaction opportunities, the potential impact of the proposed transaction on the portfolio as a whole, and an assessment of the following types of risk:
- 1. Position:** position at risk considerations associated with the proposed transaction opportunity, including but not limited to the risk and associated cost of re-purchasing capacity that had previously been sold forward.
 - 2. Market:** market related considerations such as liquidity in the proposed product, availability of potential counterparties, availability and cost of transmission required to service the proposed transaction opportunity, availability of exit opportunities, etc.
 - 3. Credit:** credit risk associated with the proposed transaction opportunity and approval from credit of the proposed counterparty (required only when the counterparty has been identified in the Opportunity Analysis Form).
 - 4. Operational:** operational considerations such as the expected availability of generating assets being used to support the proposed transaction opportunity.
 - 5. Legal:** regulatory requirements or constraints associated with the proposed transaction opportunity.
 - 6. Accounting:** derivative accounting implications of the proposed transaction opportunity.
 - 7. Other:** other factors, for example, capital and liquidity requirements to support the proposed transaction opportunity.

The Opportunity Analysis Form also will include a description of the transaction execution approach, i.e., through a Request for Proposal process or through direct negotiations.

4. Requests for Proposals Process

Forward Sales transactions can be originated through the issuance of a Request for Proposal.

- A. Notice to Proceed:** At least two days before a Request for Proposal is issued, Market Operations and Trading will prepare the Opportunity Analysis Form. The Opportunity Analysis Form will be issued to Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team for notification of the intent to solicit proposals.

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B. Records Retention Code: Market Operations and Trading is responsible for accumulating and storing the records attributable to Forward Sales Request for Proposals. Market Operations and Trading will assign a code for the Request for Proposal prior to issuing the notice of solicitation. The assigned code will be placed on the Request for Proposal and all associated correspondence initiated by Market Operations and Trading.

C. Notice of Solicitation: At least two days before a Request for Proposal is issued, Market Operations and Trading will notify the following personnel (or their designated representatives) of the intent to solicit proposals:

- Director, Market Analytics;
- Manager, Market Operations and Trading;
- Manager, Energy Supply Contract Management;
- Manager, Risk Control; and
- Credit (Sr Business Risk Control Analyst).

The notice of solicitation will be by email and will contain the following information:

- the date or dates on which bids will be solicited;
- the date or dates on which bids will be received; and
- the types of products for which bids will be solicited.

D. Request for Proposals: Market Operations and Trading will issue the Request for Proposals to include the following information:

- types of products for which proposals are being solicited;
- delivery period or periods for which proposals are being solicited;
- delivery point or points for which proposals are being solicited;
- type or types of pricing deemed acceptable e.g., indexed;
- acceptable index or indices for indexed transactions;
- method or methods by which bids can be submitted;
- the deadline for submitting bids; and
- other information reasonably required by counterparties seeking to return responsive proposals.

At a minimum, the prospective counterparties should be asked to provide the following information in their proposals:

- the types of products being bid;
- the delivery period or periods for which the product is being bid;
- the delivery point or points for the product;
- the quantity of product bid;
- the price(s), price formula(s), or index; and
- the special terms and conditions, if any, applicable to the transaction.

Market Operations and Trading will forward copies of the bids to Market Analytics for tabulation and evaluation. Market Operations and Trading will also forward copies of the bids to Credit, Legal and Energy Supply Contract Management for evaluation of any non-standard terms and conditions. Those groups will review and convey any concerns to Market Operations and Trading.

- E. Deal Analysis:** Market Analytics will provide Market Operations and Trading with a transaction summary identifying potential transaction opportunities for consideration that comply with the parameters specified in Appendix A of this manual. Market Operations and Trading will propose a transaction plan⁷ which includes all the deal details. The transaction plan will also list the reasons for rejecting the unsuccessful bids.⁸
- F. Negotiation and Execution of Contracts:** Market Operations and Trading will only negotiate and execute contracts consistent with the transaction plan. If a prospective counterparty wants to alter its bid prior to completion of negotiations, Market Operations and Trading will forward any relevant revision to Credit, Legal and Energy Supply Contract Management and Market Analytics for review. If the revised proposal is deemed acceptable, Market Operations and Trading will modify the transaction plan accordingly.
- G. Transaction Notification:** Energy Supply Contract Management will circulate the Energy Supply Commitment Threshold Notification Form for each power or gas confirmation with a contract value greater than \$5 million for signature(s) in accordance with the Companies' Energy Risk Management and Control Policy. Completion of the Energy Supply Commitment Threshold Notification Form occurs after execution of the confirmation.
- H. Documentation of Transactions:** The Companies' use two systems to record transactions. One deal capture system is used to record actual deliveries to and from the Companies' systems attributable to all of the Companies' power purchases and sales on a daily basis. However, that database is not used to record financial transactions. Those transactions and all of the purchases and sales with terms of one month or longer are recorded in the other deal capture system; the entries in this deal capture system do not reflect actual deliveries.

Market Operations and Trading will enter all Forward Sales transactions with terms one month or greater into the appropriate database(s). The transaction details will contain the following information:

- type of transaction;
- Company for which the transaction was originated;
- nature of the transaction (purchase or sale);
- name of the counterparty;
- name of the counterparty's representative, if applicable;
- delivery point;
- quantities of commodity;
- start date of the transaction;
- end date of the transaction;
- pricing terms;

⁷ The transaction plan may be the same document(s) as the tabulation of bids and the tabulation of special terms and conditions.

⁸ Bids that are late or incomplete may be rejected without further evaluation.

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- identification of the Companies' representative; and
- any special terms and conditions.

Risk Control will review the entries for accuracy. Any discrepancies between the transaction details entered in the system and the recorded transaction or confirmation will be reported and promptly resolved.

- I. Records Retention:** The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' forward power sales activities will be retained in accordance with the policy.

5. Direct Negotiation Process

Forward Sales transactions can also be originated through direct negotiations with counterparty.

- A. Notice to Proceed:** Market Operations and Trading will prepare the Opportunity Analysis Form. The Opportunity Analysis Form will be issued to Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team for notification of intent to enter into direct negotiation for a Forward Sales Transaction.
- B. Records Retention Code:** Market Operations and Trading is responsible for accumulating and storing the records attributable to the transaction. Market Operations and Trading will assign and utilize a code prior to negotiating the contract terms with the counterparty. The assigned code will be placed on the contract and all associated correspondence initiated by Market Operations and Trading.
- C. Negotiation and Execution of Contracts:** Market Operations and Trading will only negotiate and execute contracts consistent with the transaction plan. If a prospective counterparty wants to alter its bid prior to completion of negotiations, Market Operations and Trading will forward any relevant revision to Credit, Legal, Energy Supply Contract Management and Market Analytics for review. If the revised proposal is deemed acceptable, Market Operations and Trading will modify the transaction plan accordingly.
- D. Transaction Notification:** Energy Supply Contract Management will circulate the Energy Supply Commitment Threshold Notification Form with contract values greater than \$5 million for signature in accordance with the Companies' Energy Risk Management and Control Policy. Completion of the Energy Supply Commitment Threshold Notification Form occurs after execution of the confirmation.
- E. Documentation of Transactions:** The Companies' use two systems to record transactions. One deal capture system is used to record actual deliveries to and from the Companies' systems attributable to all of the Companies' transactions on a daily basis. However, that database is not used to record financial transactions. Those transactions and all of the transactions with terms of one month or longer are recorded in the other deal capture system; the entries in this deal capture system do not reflect actual deliveries.

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Market Operations and Trading will enter all Forward Sales transactions with terms greater than one month into the appropriate database(s). The transaction details will contain the following information:

- type of transaction;
- Company for which the transaction was originated;
- nature of the transaction (purchase or sale);
- name of the counterparty;
- name of the counterparty's representative, if applicable;
- delivery point;
- quantities of commodity;
- start date of the transaction;
- end date of the transaction;
- pricing terms;
- identification of the Companies' representative; and
- any special terms and conditions.

Risk Control will review the entries for accuracy. Any discrepancies between the information entered into the system and the recorded transaction or confirmation will be promptly resolved.

F. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' forward power sales activities will be retained in accordance with the policy.

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Appendix B: Opportunity Analysis Form

Date:

Summary: Provide a brief summary of the proposed transaction opportunity

Key Findings: Provide a brief summary of the key finding from the position-at-risk analysis

Potential Products: Describe proposed transaction type

Terms: Describe proposed transaction opportunity terms

Counterparty: Identify the counterparty name if already known

Valuation: State the fair value of the proposed transaction opportunity

Portfolio Impact: Describe the impact of the proposed transaction on the portfolio. For example, change in the energy and capacity position if the proposed transaction opportunity is executed.

Benefits: Describe impact of the proposed transaction opportunity on fuel and purchased power costs

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Risk Analysis:

Risk	Risk Mitigation
Position (enumerate position at risk considerations here)	(describe risk mitigation strategy)
Market (enumerate market risk considerations here)	(describe risk mitigation strategy)
Credit (enumerate credit risk considerations here)	(describe risk mitigation strategy)
Operational (enumerate operational risk considerations here)	(describe risk mitigation strategy) For example, describe how the proposed transaction will be structured to reflect the characteristics and costs of the underlying generation unit
Regulatory / Legal (enumerate regulatory / legal risk considerations here)	(describe risk mitigation strategy)
Others (enumerate other risk considerations here)	(describe risk mitigation strategy) For example, describe the impact of proposed transaction on fuel and purchased power costs

Exit Strategy: Describe plan of action if NV Energy had to unwind the position. Also, discuss relevant considerations here.

Accounting: Describe any accounting or ASC 815 considerations here.

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Appendix C: Procedure Revision Log

Date	Revision(s)
[need date]	<p>Modified Existing Policy</p> <ol style="list-style-type: none"> 1 Updated titles of personnel and department titles 2 Updated table of contents 3 Removed language from Risk Committee approving the Opportunity Analysis and Approval Form ("OA&A") 4 Added Risk Control, Credit, Legal, Accounting and the Forward Sales Leadership Team as the reviewers and approvers of the OA&A form and removed "ERC " 5 Clarified the Transaction Notification and reduced the threshold notification from \$7.5 million to \$5 million 6 Added definition of standard transaction
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1 Updated titles and department names 2 Modified the organizational framework language and responsibilities: <ul style="list-style-type: none"> • Replaced Power Origination with Market Operations and Trading • Replaced Portfolio Analytics with Market Analytics 3 Modified the notice of solicitation to personnel essential to the successful execution and completion of the Request for Proposal 4 Replaced the Opportunity Analysis and Approval Form with an Opportunity Analysis Form
November 16, 2022	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1 Updated titles

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I. Introduction

Nevada Power Company d/b/a NV Energy (“Nevada Power”) and Sierra Pacific Power Company d/b/a NV Energy (“Sierra Pacific Power”) (together, the “Companies”) are engaged in the generation, transmission and distribution of electric energy in Nevada and the distribution of natural gas in northern Nevada through the Gas Division of Sierra Pacific Power. The Companies deal in the natural gas markets to meet a portion of the energy requirements of their customers.

This manual applies to all physical and financial transactions related to the Companies’ natural gas activities. The primary purpose of this manual is to assure the efficient and accurate processing of natural gas transactions, the effective preparation and distribution of information relating to those trading activities, and the effective management of those trading activities.

These procedures are consistent with the provisions of the Energy Risk Management and Control Policy. This manual may be updated to reflect changes to the Energy Risk Management and Control Policy.

The Companies have adopted and may in the future adopt other policies and procedures that may impact the Companies’ natural gas activities. This manual will complement the Power Procedures Manual, Energy Risk Management and Control Policy, and Credit Risk Management and Control Policy.

II. Organization Framework

A. Overview: The policy framework governing the Companies’ natural gas transactions is set forth in the Energy Risk Management and Control Policy. This section of the manual outlines the responsibilities of the various Company groups to support the Companies’ natural gas procurement and sale activities. These company groups include: Credit Risk Management, Energy Supply Contract Management, Fuel and Purchased Power Accounting, Market Analytics, Market Operations and Trading, Resource Planning and Analysis, Risk Control, and Trading Operations.

B. Credit Risk Management is responsible for:

- Assessing the creditworthiness of counterparties for transactions related to natural gas;
- Approving counterparties for transactions related to natural gas before the Companies enter into transactions with them;
- Maintaining the Companies’ list of approved counterparties for transactions related to natural gas;
- Maintaining, updating, and reviewing the Master Bidders’ List;
- Monitoring and reporting on the creditworthiness of counterparties;
- Calculating potential exposures related to natural gas transactions;
- Calculating collateral requirements, if any, to be posted by counterparties and overseeing the receipt of collateral;

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- Maintaining records of the collateral posted by counterparties; the original collateral is kept in Credit Risk Management;
- Resolving credit issues with counterparties;
- Maintaining a list of unresolved credit concerns;
- Reviewing and reporting on information requested by counterparties for collateral or other credit support;
- Reviewing and reporting on credit terms in contracts and confirmations related to natural gas; and
- Notifying Manager, Power and Gas Trading when credit exposure limits have been exceeded and assisting Risk Control in developing the strategy to mitigate risk.

C. **Energy Supply Contract Management** is responsible for:

- Leading the negotiation process of Master Trading Agreements for physical and financial natural gas transactions (e.g. North American Energy Standards Board (“NAESB”) Agreement, International Swap and Derivatives Association (“ISDA”) Agreement);
- Maintaining the master trading agreements and associated physical and financial gas Confirmations and physical gas transportation contracts in accordance with the Corporate Records Retention Schedule;
- Maintaining physical and financial gas counterparty contract and trading status information in the system of record;
- Managing the Confirmation process for gas transactions, i.e.,:
 - Reviewing the terms and conditions included in Confirmations received from counterparties to ensure consistency with the system of record and Legal, and Credit Risk Management requirements;
 - As required, sending Confirmations to counterparties where the terms and conditions are consistent with the system of record and Legal, and Credit Risk Management requirements;
 - Facilitating the Confirmation execution process;
- Maintaining the NV Energy Contact List for use by the physical gas transportation counterparties;
- Notifying Executive Management per the Energy Supply Commitment Threshold Notification level set forth in the Energy Risk Management and Control Policy;
- Facilitating the annual renewal process, as needed, for physical gas transportation contracts;
- Acting as a liaison between physical gas transportation counterparties (whose pipelines interconnect with NV Energy’s generating units) and Resource Optimization to ensure the reason, timing, and duration of pipeline planned outages is transparent and agreeable to Resource Optimization and the Balancing Authority, to the extent feasible;
- Verifying natural gas transport pipeline invoices;
- Resolving issues regarding those invoices; and
- Providing general contract support to Resource Optimization, Credit Risk Management, Legal, Resource Planning and Analysis, and Fuel & Purchased Power Accounting.

D. **Fuel and Purchased Power Accounting** is responsible for:

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- Verifying the accuracy of invoices received by the Companies for transactions related to natural gas;
- Resolving issues regarding those invoices;
- Submitting final invoices to authorized personnel for approval;
- Processing settlement packages and presenting them to Accounts Payable or Treasury for payment;
- Processing approved pre-payments and presenting them to Accounts Payable or Treasury for payment;
- Preparing and issuing invoices for sales of natural gas to counterparties;
- Ensuring the timely collection of receivables attributable to sales of natural gas;
- Verifying the settlement amounts from financial transactions;
- Supervising the payment and receipt of all settlements flowing from financial transactions related to natural gas;
- Preparing or assisting with the preparation of periodic reports;
- Preparing and submitting FERC forms;
- Accounting for all transactions related to natural gas;
- Working with Risk Control to arrange for the adjustment of the Companies' records if necessary to reflect data from the final invoices;
- Completing the settlement process for financial options based on information from the system of record; and
- Reconciling the accounts to confirm the accuracy of the natural gas accounting.

E. **Resource Optimization** is responsible for:

- Executing transactions in accordance with the Energy Risk Management and Control Policy, and in compliance with regulatory requirements, company policies, procedures, and the Energy Supply Plans;
- Identifying opportunities to optimize the energy portfolio;
- Originating, negotiating and executing natural gas transactions, including physical and financial natural gas request for proposals, utilizing unused assets, for balancing and optimization;
- Originating, negotiating and executing asset management agreements, natural gas supply for purchase power agreements, and transport and storage contracts less than 2 years;
- Originating, negotiating and executing oil, diesel, and propane freight and commodity agreements;
- Issuing and facilitating all natural gas request for proposal process;
- Price discovery;
- Acquiring sign off for the physical gas request for proposal, principles document and transaction plans;
- Review and approval of invoices and confirmations related to natural gas transactions;
- Assisting with the development of the portion of the Companies' Energy Supply Plans pertaining to gas;
- Coordinating the physical delivery of natural gas in accordance with industry standards;
- Identifying prospective counterparties;
- Presenting viable counterparties to Credit Risk Management for review and approval;

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- Preparing or assisting with the preparation of periodic reports;
- Entering data for the Companies transactions related to natural gas into the deal capture system;
- Recording incidents of material supplier non-performance and other unacceptable acts or omissions, and notifying Manager, Power and Gas Trading;
- Checking transactions for compliance with limits and seeking prior approval if a transaction will exceed limits set forth in Appendix A;
- Amending transactions per Risk Control;
- Not allowing increased refreshed bids related to financial gas transactions;
- Corresponding directly with Credit Risk Management and Legal to finalize contract language;
- Acting as the 24 hour emergency point of contact for gas pipelines' operations groups;
- Logging gas resource adequacy conditions, emergency conditions, and other required information relating to gas; and
- Maintaining FERC compliance including shipper must have title rule and prohibited buy-sell rule.

F. Market Analytics is responsible for the following duties related to transactions for the day-ahead and less than two years:

- Preparing short-term forecasts of natural gas requirements for generating plants (gas requirements for the Gas Division are provided by Gas Distribution);
- Preparing or assisting with the preparation of periodic reports;
- Providing analytical support and documentation for request for proposals, daily, and forward trading activities including physical gas, financial products, and transportation;
- Providing analytical support and documentation for gas hedging;
- Preparing or assisting with the preparation of periodic reports;
- Monitoring compliance with the Companies' policies per the Energy Risk Management and Control Policy; and
- Developing, establishing, implementing, and maintaining methodologies, models, and techniques facilitating energy risk management, as necessary.

G. Resource Planning and Analysis is responsible for:

- Preparing estimates of the natural gas required to meet those energy requirements;
- Developing forecasts of natural gas prices;
- Developing the long term gas transportation strategy;
- Developing the Companies' Energy Supply Plans and Sierra Pacific Power's Gas Information Report;
- Provide gas burn projections for the physical gas request for proposals;
- Analyzing long term (two or more years) gas related resources available to the Companies to help to ensure the optimal choice of resources;
- Originating, negotiating and executing transport and storage contracts greater than two years;
- Preparing or assisting with the preparation of periodic reports;
- Facilitating the amendment process for physical gas transportation contracts;

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- Monitoring Federal Energy Regulatory Commission (“FERC”) filings;
- Monitoring pipeline tariff filings;
- Facilitating natural gas hedging workshops with members of the Public Utilities Commission of Nevada (“PUCN”) and the Bureau of Consumer Protection; and
- Assisting with FERC proceedings related to natural gas interstate pipelines.

H. Risk Control is responsible for:

- Verifying that the actual MMBtu and \$/MMBtu within the deal capture system are correct and notifying Market Operations and Trading of any discrepancies;
- Enter indices into the deal capture system;
- Arranging for the adjustment of data entered into the deal capture system if necessary to reconcile data from tapes of transactions, final invoices and/or other records;
- Providing mark-to-market for financial gas hedges at current forward;
- Preparing or assisting with the preparation of periodic reports; and
- Monitoring compliance with the Companies’ policies per the Energy Risk Management and Control Policy.

I. Trading Operations is responsible for:

- Preparing real-time forecasts of natural gas requirements for generating plants (gas requirements for the Local Distribution Company are provided by Gas Operations within Gas Delivery);
- Logging gas resource adequacy conditions, emergency conditions, and other required information relating to gas; and
- Managing generating plants gas usage within tolerances.

III. Optimizing Natural Gas Assets

In accordance with the Energy Risk Management and Control Policy and in compliance with all regulatory requirements and Company policies, and obligations, the Company will:

- Develop strategies
- Establish trading partners
- Analyze positions
- Determine potential opportunities
- Prepare valuations
- Provide analytical support documentation for trading activities and hedging
- Execute transactions in accordance with the approved Energy Supply Plans
- Control risk, accuracy and assurance
- Conduct performance review
- Record retention

- A. Energy Supply Plans:** Each of the Companies will maintain an approved Energy Supply Plan to govern the purchase and sale of natural gas and the associated transportation services. Natural gas transactions are entered into pursuant to the Companies Energy

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Supply Plans. The Companies will not execute any material transactions that deviate from the approved Energy Supply Plans without the prior approval of the Risk Committee.

- B. Approved Suppliers:** Credit Risk Management is responsible for maintaining the Companies' lists of approved suppliers. The Companies will not execute any transactions with entities that are not in the approved system of record.

A prospective supplier may be added to the list of approved suppliers after its ability to perform in accordance with its commitments has been confirmed. Credit Risk Management is responsible for soliciting the information needed to investigate a prospective supplier. Credit Risk Management is responsible for evaluating the prospective supplier's performance and financial condition. The prospective supplier will only be added to the list of approved suppliers if the performance and financial reviews support a conclusion that the prospective supplier will be able to perform in accordance with the obligations inherent in the types of transactions for which the supplier is being considered.

A supplier may be removed from the list of approved suppliers:

- If additional transactions with the supplier would cause limits set forth in the Energy Risk Management and Control Policy to be exceeded¹, Credit Risk Management is responsible for monitoring the status of the suppliers. Credit Risk Management will return suppliers, which have been removed from the list because of pending transactions, to the list after the transactions have been completed;
- If the supplier's financial condition changes in a manner that materially erodes its creditworthiness, Credit Risk Management is responsible for monitoring the financial condition of the suppliers. Normally, Credit Risk Management will return suppliers, which have been removed from the list because of their financial conditions, to the list after their financial conditions improve;
- If the supplier is involved in arbitration or litigation to settle disputes with the Companies;
- If the supplier sells its assets or takes other actions indicative of its desire to exit the business; or
- If the supplier fails to perform in accordance with its commitments or otherwise acts in a manner that undermines the Companies' efforts to acquire competitively priced natural gas and transportation consistent with its plans. Market Operations and Trading and Energy Supply Contract Management are responsible for recording material failures to perform and other acts or omission deemed unacceptable. Market Operations and Trading and Energy Supply Contract Management are also responsible for recommending disqualification of a supplier to Credit Risk Management if justified by failure to perform or other acts or omissions.

¹ The available exposure limit for the supplier may be set to zero as an alternative to removing the supplier from the list

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- C. Written Contracts:** The Companies will not enter into any natural gas transaction without a written contract delineating the associated terms and conditions. The contract may be an agreement developed for a specific transaction not entered exclusively pursuant to a master trading agreement, a standard agreement developed by the Companies, or a master agreement. Master agreements will include, but not be limited to, the NAESB Agreement (physical gas), the Gas Electronic Data Interchange (“GasEDI”) Agreement (physical gas), and the ISDA Agreement with a Gas Annex (financial and physical gas).

Energy Supply Contract Management is responsible for the negotiation of master agreements and other contracts with approved suppliers with support from Legal, Resource Optimization, and Credit Risk Management. Market Operations and Trading is responsible for the negotiation of all contracts that are not entered exclusively pursuant to a master trading agreement. Energy Supply Contract Management facilitates the management of the associated Confirmations per the Energy Risk Management and Control Policy and Natural Gas Procedures Manual. Master Agreements and associated Confirmations are maintained in accordance with the Corporate Records Retention Schedule.

- D. Natural Gas Transactions:** Variations in the Companies’ natural gas requirements for the gas division, power generation, and/or the availability of generating capacity may create opportunities for purchase or sale of natural gas. Transactions with terms within the current month and next month often must be executed quickly because of reliability and related considerations. If the amount of a transaction exceeds limits set forth in Appendix A, the Gas Trader will notify the Manager, Power and Gas Trading as soon as practicable after executing the transaction. Transactions must be in compliance with the FERC, PUCN, and Company policies and procedures.

- a) **Decision to Proceed:** Market Analytics and Trading Operations will provide analytical support and documentation for gas positions.
- b) **Price Discovery:** Gas Trading will determine the prevailing market price for gas transactions using methods including, but not limited to, request for proposals, contacting counterparties, brokers, and Intercontinental Exchange.
- c) **Origination of Transactions:** Resource Optimization will use the analytical support documentation and transact in accordance with the Companies’ policies and procedures. Resource Optimization will check the transaction to ensure compliance with the limits set forth in Appendix A. If a proposed transaction exceeds one or more limits, the Gas Trader will contact Manager, Power and Gas Trading and await their authorization to proceed or other instructions prior to originating the proposed transaction. Resource Optimization will execute transactions over recorded telephone lines, under written confirmations, or on acceptable exchanges. Transactions must be in compliance with the FERC, PUCN, and Company policies and procedures.
- d) **Bid Refresh:** Bids received in response to a financial natural gas request for proposals may not be refreshed upward.

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- e) Confirmations: When transacting with a counterparty, Energy Supply Contract Management will adhere to the Confirmation requirements set forth in the master trading agreement and the Energy Risk Management and Control Policy.
- f) Documentation of Transactions: Resource Optimization will document all transactions by entering the pertinent information into the system of record.

E. Optimization of Physical Gas and Gas Transportation Assets: In order to optimize the value of physical gas and gas transportation assets, the Companies may purchase gas in one location, and use their transportation assets to move it to another location for sale, in order to capture the value of basin differentials in accordance with the Daily Gas Management and Optimization Policy.

Allowed Transactions: The Companies may acquire gas at one location, and may use transportation assets to move the gas to another location for sale, under the following circumstances:

- a) The purchase of gas, and the sale of gas, shall occur on the same Gas Day;
- b) The purchase of gas will be at a fixed price, and the sale of gas will be at a fixed price, as long as fixed prices are available;
- c) The difference between the price of the gas purchased and the price of the gas sold must be sufficient to cover all incremental gas transportation costs and yield a benefit to the Companies' customers;
- d) The transportation assets must not be required to serve native load or other obligations;
- e) The Companies shall not acquire gas transportation assets for the purpose of making sales. However, the Companies may make sales for the purpose of optimizing the value of existing gas transportation assets; and
- f) Use of transportation assets for sales using gas previously procured and not needed thus supporting balancing activity.

F. Excess or Short Gas Positions: Resource Planning and Analysis will inform the Risk Committee of adjustments to monthly gas positions (financial or physical) as part of the Energy Supply Plans update presented each month. Approved monthly physical and financial natural gas levels for Nevada Power and Sierra Pacific Power are set by the Risk Committee. Resource Planning and Analysis updates the projection of fuel requirements each month utilizing a production cost simulation model. Resource Planning and Analysis will file the approved monthly physical and financial natural gas volumes.

Projected physical and financial gas requirements change over time due to a number of factors, (e.g., changes in load forecasts, market fundamentals, planned maintenance, or variances between projected requirements and actual procurements). Changes in projected requirements will result in short and/or long gas positions relative to actual procurements. In the event there are excesses or shortages for beyond the season in which 100% of the target volumes have been procured, recommended changes may be presented to the Risk Committee by Resource Planning and Analysis. For situations in

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which there exist excesses or shortages in the period in which 100% of the target volumes have been procured, Risk Committee changes to approved volumes are not required. Instead, Resource Optimization will determine the appropriate course of action consistent with these procedures set forth below.

Resource Planning and Analysis shall distribute to Market Analytics each month a file containing the actual physical and financial gas procured and the month ahead gas forecast for the gas for the Gas Division and power generation requirements. Market Analytics shall provide Market Operations and Trading with month-ahead gas burn projections disaggregated by plant. Market Operations and Trading will resolve excesses and shortages as follows:

- 1) Physical Gas:
 - a) Nevada Power
 - For projected average daily volumes that vary from procured daily volumes by 30,000 MMBtus or more, Market Analytics will prepare a transaction plan using the best available information. Resource Optimization will transact in accordance with the transaction plan in the daily market in accordance with the Company policies and procedures.
 - b) Sierra Pacific Power
 - For projected average daily volumes that vary from procured daily volumes by 15,000 MMBtus or more, Market Analytics will prepare a transaction plan using the best available information. Resource Optimization will transact in accordance with the transaction plan in the daily market in accordance with the Company policies and procedures.
- 2) Financial Gas:
 - c) Nevada Power
 - If procured hedges are at or within 15% of targeted requirements, neither action nor analytics are required.
 - If procured hedges are beyond 15% of targeted requirements, analytics must be conducted to determine an appropriate course of action.
 - d) Sierra Pacific Power
 - If procured hedges by hub are at or within 25% of targeted requirements, neither action nor analytics are required.
 - If procured hedges by hub are beyond 25% of targeted requirements, analytics must be conducted to determine an appropriate course of action.

G. Fuel and Purchased Power Accounting: Fuel and Purchased Power Accounting is responsible for the Companies' accounting, billing, collection, and reporting efforts as they pertain to gas.

- a) Supplier Invoices: Accounting is responsible for processing supplier invoices pertaining to natural gas and pipeline transport. Energy Supply Contract Management, Risk Control, and Market Operations and Trading will assist Accounting with the resolution of settlement discrepancies if necessary.

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- b) Sales Invoices: Accounting is also responsible for processing invoices for natural gas sales by the Companies. Energy Supply Contract Management, Risk Control, and Market Operations and Trading will assist Accounting with the resolution of settlement discrepancies if necessary.
- c) Adjustments to Database(s): Risk Control will direct Market Operations and Trading to adjust the system of record to reflect the final settlements with the buyers and suppliers.

H. Records Retention: The Companies have adopted a Records Retention Policy governing the retention of documents. Records related to the Companies' natural gas procurement activities will be retained in accordance with the policy.

I. Confidentiality: All data and documents retained in conjunction with the Companies' natural gas procurement efforts will be deemed commercially sensitive if they contain:

- a) The names of counterparties;
- b) The prices paid or received for natural gas supply, transportation, and storage; or
- c) Other information covered by the confidentiality provisions of the Companies' contracts.

Commercially sensitive data and documents should only be distributed to the employees of the Companies who need access to the data and documents during the performance of their assigned duties.

Commercially sensitive data and documents should not be provided to anyone outside the Companies without the prior approval of the Legal Department.

IV. Approval and Modifications

This manual has been approved by the Risk Committee. The Director, Trading Analytics and Operations is responsible for conducting an ongoing review of the appropriateness of this manual and for the formulation of recommended changes to this manual. The recommended changes will be presented to the Risk Committee for review and approval.

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Appendix A: Approval Guidelines per Transaction

Title	Limit – RFPs and Daily Trades*
<i>Chief Executive Officer, Berkshire Hathaway Energy Company</i>	<i>Unlimited</i>
<i>Chief Executive Officer</i>	<i>\$100,000,000</i>
<i>Senior Vice President, Chief Financial Officer and Treasurer</i>	<i>\$25,000,000</i>
<i>Vice President, Resource Optimization^{11,12}</i>	<i>\$12,500,000</i>
<i>Director, Trading Analytics & Operations^{3,13}</i>	<i>\$7,500,000</i>
<i>Director, Contract Management and Special Programs (Amendments/Settling disputes only)</i>	<i>\$7,500,000</i>
<i>Director, Gas Trading</i>	<i>\$7,500,000</i>
<i>Director, Power Trading</i>	<i>\$7,500,000</i>
<i>Manager, Gas Trading</i>	<i>\$5,000,000</i>
<i>Manager, Power and Gas Trading</i>	<i>\$5,000,000</i>
<i>Resource Optimization Manager</i>	<i>\$5,000,000</i>
<i>Traders</i>	<i>\$1,000,000</i>

Approval of invoices are subject to dollar thresholds in the Corporate Governance and Approvals Policy.

*** To ensure reliability, approvals of daily trades may happen after trade execution.**

¹¹ Applies to transactions longer than one month

¹² Applies to transactions pertaining to the table in Appendix D, Section C

¹³ Applies to transactions pertaining to the table in Appendix D, Section B

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Type of Gas Transaction	Activity	Trading Operations	Energy Supply Contract Management	Market Operations and Trading	Resource Planning and Analysis	Market Analytics
Asset Management	Originate/Negotiate			X		
Asset Management	Contract management		X			
Commodity	Gas projection - gas request for proposal				X	
Commodity	Gas projection - day-ahead, weekly, monthly, current season					X
Commodity	Gas projection - real-time	X				
Commodity	Originate/Negotiate			X		
Commodity	Contract management		X			
Master Trading Agreements	Originate/Negotiate		X			
Master Trading Agreements	Contract management		X			
Transport/Storage	Establish requirements				X	
Transport/Storage	Originate/Negotiate (Less than 2 years)			X		
Transport/Storage	Originate/Negotiate (Greater than 2 years)				X	
Transport/Storage	Contract management		X			
General	FERC/Canadian Regulatory Agencies - NVE intervention filings, etc.				X	
General	FERC/Canadian Regulatory Agencies - Counterparty rate case filings, etc.				X	
General	FERC/Canadian Regulatory Agencies - Tariff interpretation				X	
General	Economic analysis (Less than 2 years)					X
General	Economic analysis (Greater than 2 years)				X	
General	Planned Outage Coordination		X			

Appendix B: Gas Activity Lead Matrix

Appendix C: Policy Revision Log

Date	Revision(s)
December 22, 2014	<p>Modified existing policy</p> <ol style="list-style-type: none"> 1. Modified the title page and the table of contents page 2. Modified the introduction language 3. Updated titles and department names 4. Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> • Removed Power Contracts • Added Commercial Trading and Strategy • Moved the Power Contracts responsibilities to Commercial Trading and Strategy and Market Operations and Trading • Replaced Gas Optimization with Market Operations and Trading • Removed Transaction and Market Analysis

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	<ul style="list-style-type: none"> Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics <ol style="list-style-type: none"> Updated the Gas Activity Lead Matrix table in Appendix B Removed the Roles and Responsibilities table in Appendix B Added a policy revision log
December 18, 2019	<p>Modified existing policy</p> <ol style="list-style-type: none"> Updated titles and department names Modified the organization framework language and responsibilities: <ul style="list-style-type: none"> Removed Commercial Trading and Strategy Added Trading Operations Moved the Commercial Trading and Strategy responsibilities to Resource Planning and Analysis Moved real-time forecasting responsibility to Trading Operations Updated the Gas Activity Lead Matrix table in Appendix B <ul style="list-style-type: none"> Removed Commercial Trading and Strategy Added Trading Operations
November 16, 2021	<p>Modified existing policy</p> <ol style="list-style-type: none"> Manager, Market Operations and Trading was replaced throughout the policy with the new role of Manager, Power and Gas Trading Revised one of the responsibilities of Energy Supply Contract Management Market Operations and Trading was replaced throughout the policy with Resource Optimization Removed the Authorization Approval Levels table and referenced the Authorization Approval Levels in Energy Risk Management and Control Policy's through-out the document.
December 14, 2022	<p>Modified existing policy</p> <ol style="list-style-type: none"> Updated title changes through-out the procedures Increased CEO's threshold to \$100,000,000
August 16, 2023	<p>Modified existing policy</p> <ol style="list-style-type: none"> Updated title changes through-out the procedures

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Introduction

Management of NV Energy, Inc. and its subsidiaries (collectively referred to as NV Energy or the company) is responsible for designing and implementing systems and procedures for the prevention, detection and deterrence of fraud, and for ensuring a culture and environment that promotes honest and ethical behavior.

Fraud can range from employee theft and unproductive behavior to misappropriation of assets and financial statement fraud. Material financial statement fraud can have a significant adverse effect on the company's reputation, relationship with regulators and ability to achieve strategic objectives. Misappropriation of assets, though often not material to the financial statements, can nonetheless result in substantial losses to the company. All fraud and unethical behavior can cause serious loss to the company, its employees and its customers.

The risk of fraud is reduced through a combination of prevention, detection and deterrence measures. This document, referred to as the Anti-Fraud Program, outlines the fundamental elements of such measures at NV Energy. These fundamental elements are designed to: create and maintain a culture of integrity and honesty; provide mechanisms to assess the risks of fraud and implement the processes, procedures and controls needed to mitigate the risks and reduce the opportunities for fraud; provide a means to identify, capture and communicate information; and develop an appropriate oversight process.

Fraud can be difficult to detect because it often involves concealment through falsification of documents or collusion among management, employees or third parties. Therefore, NV Energy places a strong emphasis on fraud prevention (which may reduce opportunities for fraud to take place) and fraud deterrence (which could persuade individuals not to commit fraud because of the likelihood of detection and punishment).

The measures the company takes to prevent and deter fraud also help to create a positive workplace environment that can enhance the company's ability to recruit and retain high-quality employees.

The cornerstone of the company's Anti-Fraud Program is a culture with a strong value system based on integrity. The Berkshire Hathaway Inc. Code of Business Conduct and Ethics, the Berkshire Hathaway Energy Code of Business Conduct and the Berkshire Hathaway Energy Prohibited Business Practices Policy reflect the company's core values and guide employees in making appropriate decisions based on applicable laws and the organization's values.

The COSO Framework

As a requirement of both Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 (SOX), management must conduct evaluations of the internal control structure based on a recognized control framework. A control framework defines control components enabling companies to evaluate internal control. NV Energy has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework, the most widely recognized control framework in the United States. Elements of NV Energy's Anti-Fraud Program

are aligned within the five COSO components of internal control, as well as the principles within each component, as described below.

- Control Environment
 - Organizational structure and management oversight
 - Codes of business conduct
 - Whistleblower program
 - Corporate Governance and Authorization Approvals Policy
 - Human resources (HR) policies and procedures
- Risk Assessment
 - Fraud risk assessment
 - Risk Committee
 - Financial statement risk assessment
- Control Activities
 - Business process controls and general information technology computer controls
 - Departmental policies and procedures
- Information and Communication
 - Training and awareness
 - Communication
 - Use of information to support the functioning of internal control
- Monitoring
 - Internal audit function
 - Ethics & HR compliance function

Control Environment

The control environment sets the proper “tone at the top” including a culture and work environment that promotes open communication, ethical behavior and controls to prevent, detect and deter fraud. NV Energy’s Anti-Fraud Program elements within the control environment include:

- *Organizational structure and management oversight:* Management has the primary oversight responsibility to ensure fraud risks are identified and appropriate control and monitoring activities are in place and monitored. Monitoring activities include quarterly internal control surveys and certifications and regular independent testing of key controls.

The principal executive officer, principal financial officer, principal accounting officer or controller, and any president, or persons performing similar functions hold important and elevated roles in NV Energy’s corporate governance. As members of the senior management team, these individuals are uniquely capable and empowered to ensure that all stakeholders’ interests are appropriately balanced, protected and preserved. These individuals are subject to a specific Code of Ethics for Executives that further emphasizes (1) honest and ethical conduct; (2) timely and truthful disclosure; and (3) legal compliance.

Management will take the following actions in response to an alleged incident of fraud:

- Conduct a thorough investigation of the incident, engaging outside expertise if necessary.
 - Enforce appropriate and consistent actions against violators.
 - Assess and improve relevant controls.
 - Communicate with, and obtain training for, employees to reinforce the entity's values, standards and expectations.
- *Codes of business conduct:* Employees are required to comply with the Berkshire Hathaway Inc. Code of Business Conduct and Ethics, the Berkshire Hathaway Energy Code of Business Conduct and the Berkshire Hathaway Energy Prohibited Business Practices Policy. These policies serve to (1) emphasize the company's commitment to ethics and compliance with the law; (2) set forth basic standards of ethical and legal behavior; (3) provide reporting mechanisms for known or suspected ethical or legal violations; and (4) help prevent and detect wrongdoing.

Whistleblower program: Berkshire Hathaway utilizes a consolidated complaint and problem resolution process for ethical conduct issues through the use of a whistle-blower hotline serviced by a third-party vendor. The ethics and compliance hotline process, which is managed by Berkshire Hathaway, overseen by Berkshire Hathaway Energy, and maintained by the employee relations and human resources compliance department, provides 24/7 operations through telephone and web-based services to receive information regarding ethical or integrity issues for Sarbanes-Oxley compliance including accounting, ~~audit~~ irregularities, ~~and~~ internal ~~audit~~ controls deficiencies as well as issues addressed by the Berkshire Hathaway Energy Code of Business Conduct including theft, fraud, conflict of interest, bribes/kickbacks, discrimination, harassment, and workplace violence. Human resources reviews, investigates or answers inquiries and provides a follow-up response to all complaints received through the ethics and compliance hotline. All cases/investigations are reviewed and approved for closure by the Berkshire Hathaway Energy legal department.

As outlined in the codes of business conduct, other options to the Ethics & Compliance Hotline include reporting or discussing integrity and ethical issues with leaders, HR or other levels of management within the company. The codes of business conduct specifically state that the company will not permit retaliation against an employee making a good-faith report of known or suspected violations.

The Ethics & Compliance Hotline is featured during new employee on-boarding; in the Berkshire Hathaway Energy Code of Business Conduct and related training; and in an annual letter and brochure sent from Warren Buffett. Posters to provide employees with information about the hotline have been placed in numerous locations in company facilities. Information regarding hotline access is prominently displayed on myNVE (the company's intranet site).

The ethics & HR compliance function receives communication from employees seeking guidance on issues such as company assets, conflicts of interest, gratuities, workplace quality and affiliate rules. This function responds and provides recommendations to employees. In addition, company investigations are conducted by ethics & HR compliance, human resources,

corporate security, or other appropriate groups to resolve ethical or compliance issues. General Counsel, as the corporate compliance officer, and the senior vice president, human resources provide direction for the ethics & HR compliance function.

- *Corporate Governance and Authorization Approvals Policy:* The authority of company officers to bind the corporation is granted pursuant to state law, the articles of incorporation and the bylaws of the company, and by governance authority delegated by Berkshire Hathaway Energy.

The Corporate Governance and Authorization Approvals Policy documents the levels of financial authority at NV Energy, describes the appropriate levels of approval required for various company transactions and defines the process for obtaining such approval.

- *Human resources policies and procedures:* HR assists company business units with the development of job descriptions and identification of required skills and pay ranges for open positions based on research of competitive market conditions. The company has job descriptions for most positions, which specify the purpose, major accountabilities, knowledge and skill requirements, impact on the organization and work relationships. HR is involved in the interviewing of candidates for key positions, as needed. HR performs criminal background checks, employment/education verifications and drug screenings on all new hires. All offers are contingent upon successfully passing of these post-offer, pre-employment steps.

Compliance and ethics are effectively integrated into business practice and performance metrics. HR has established an annual performance appraisal process that is structured to encourage employee actions that support the company's core principles, as well as compliance and the particular job requirements, individual performance objectives and skills.

Risk Assessment

Risk assessments are designed to identify and evaluate risk factors that could materially impact the company.

- *Fraud risk assessment:* Internal audit conducts the annual fraud risk assessment, focusing on intentional acts that could result in a material misstatement in the financial statements through fraudulent financial reporting, corruption and/or misappropriation of assets. Steps taken during the assessment include reviewing SOX documentation, financial information and prior internal audit reports. A survey of employees is also conducted to evaluate the likelihood of occurrence and significance of the impact of various fraud scenarios. The assessment considers various ways that fraud and misconduct can occur by and against the company, management's ability to override controls and the existence of corresponding mitigating controls. Some of these mitigating controls will be tested as part of the annual SOX testing. Fraud risk is also considered during the course of operational, financial, compliance, information technology and other audits performed by internal audit, as applicable.
- *Risk Committee:* The Risk Committee is responsible for the overall policy direction and administration of the company's risk control activities. The Risk Management and Control

policy was established to provide standards for monitoring and controlling enterprise risks. The Risk Committee provides a forum for the discussion and evaluation of risks identified by the company to achieve an integrated view of overall risk. The Committee serves as a mechanism by which senior management is kept apprised of the risk profile of the company in the context of the operating environment.

- *Financial statement risk assessment:* As part of the planning process to prepare for the scope of SOX Section 404, Berkshire Hathaway Energy performs an annual risk assessment of the financial statements of those entities determined to be overall significant to the Berkshire Hathaway Energy business. Attributes considered during the assessment are:
 - Susceptibility to misstatement due to errors or fraud
 - Volume and complexity of activity
 - Level of inconsistent, unusual, or non-recurring transactions
 - Changes from prior year in account characteristics
 - Accounting and reporting complexity
 - Level of system changes

Control Activities

Control activities are policies and procedures designed to minimize risks and enable the company to achieve its goals.

- *Business process controls and general information technology (IT) ~~computer~~ controls:* A control is any action taken by management and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Business process and general ~~IT computer~~ controls that contribute to ensuring the financial statements are fairly stated are documented within ~~Wdesk~~ AuditBoard, a cloud-based audit, risk, and compliance ~~workflow and content~~ management application. The control owners own and update the control documentation as needed. Internal audit administers the application, assists control owners with updates, performs testing on key controls and maintains testing documentation.
- *Policies and procedures:* Policies and procedures that cover company-wide risks and processes are available to all employees on myNVE. Individual departments also maintain policies and procedures to cover specific operating risks and processes. Such documents provide guidance to employees in making decisions and ensure consistent operations.

Information and Communication

Communication is critical to ensuring employees are aware of anti-fraud measures and have a clear understanding of management's expectations in the effort to minimize fraud.

- *Training and awareness:* NV Energy's philosophy on fraud prevention is primarily communicated throughout the company via the Berkshire Hathaway Inc. Code of Business Conduct and Ethics, the Berkshire Hathaway Energy Code of Business Conduct and the Berkshire Hathaway Energy Prohibited Business Practices Policy. These documents can be found on myNVE. In addition, a pamphlet covering ethics and compliance is mailed to each

Berkshire Hathaway Inc. employee's home on an annual basis.

The codes of business conduct instruct employees to report integrity and ethical issues to leaders, HR or other levels of management within the company, or to submit a formal report through the Ethics & Compliance Hotline. New employees complete mandatory online code of business conduct and prohibited practices training within 90 days of hire. Thereafter, mandatory re-certification by all employees is required annually to acknowledge that employees have read and will adhere to the code of conduct.

Information to facilitate awareness of the Ethics & Compliance Hotline is communicated to company employees and is displayed on myNVE and throughout various locations in company facilities. New employees are provided with information on the Hotline during onboarding/orientation.

Ethics & HR compliance, in conjunction with Berkshire Hathaway Energy, periodically provides awareness of codes of business conduct, the Ethics & Compliance Hotline and/or various other ethical and compliance issues utilizing messages through internal communication mediums and displays to promote organization culture, which drives compliance.

- *Communication:* On an ongoing basis, management issues targeted and company-wide broadcasts to disseminate important information to employees regarding objectives and responsibilities for internal control. The broadcasts cover a wide range of topics, including personnel changes and updates to key policies and procedures. Significant matters affecting the functioning of internal control is communicated to senior leaders, the audit committee and the director of internal audit at Berkshire Hathaway Inc., as appropriate.
- *Use of information to support the functioning of internal control:* Many SOX controls rely upon information obtained from system-generated reports. Reliance should only be placed on reports if there is sufficient evidence to prove that the information provided is accurate and complete. As part of SOX control testing, internal audit verifies the validity of data contained within certain reports used by control owners to perform the controls.

Monitoring

Monitoring activities and assessments consist of procedures that include ongoing evaluations performed as part of established business processes and independent evaluations to determine whether the components of internal control, including anti-fraud controls, are present and functioning.

- *Internal audit function:* NV Energy maintains a qualified internal audit department that is subject to an external quality review at least once every five years. Internal audit is staffed by qualified, competent professionals. The leader of internal audit is a certified internal auditor with extensive experience in internal audit. The leader is supported by an internal audit staff and supplemented with highly qualified external subject matter experts, as needed. All of the internal auditors have four-year degrees, and a number of them hold master's degrees. All

auditors are professionally accredited as certified public accountants, certified internal auditors, certified fraud examiners, certified information systems auditors or other relevant designations.

The leader of internal audit reports administratively to NV Energy's ~~senior~~ vice president and chief financial officer, and functionally to Berkshire Hathaway Energy's executive vice president and chief financial officer. Internal audit is supported by a charter that provides the framework to identify and address significant audit areas, as well as risk, control and fraud concerns.

Internal audit develops an annual internal audit plan using an appropriate risk-based methodology, considering risks and internal control concerns identified by senior management. Internal audit's plan is approved annually by the Berkshire Hathaway Energy Audit Committee.

The chief accounting officer is responsible for the company's overall internal control over financial reporting and compliance with SOX. Internal audit assists in this process by performing management's SOX Section 404 testing, which includes various anti-fraud controls, to determine if controls are designed and operating effectively. Deficiencies, if any, are evaluated for severity of potential impact on financial reporting.

Results of the audit plan and SOX 404 testing are communicated to management as testing is completed, and quarterly via communications to the audit committee chairman and the director of internal audit at Berkshire Hathaway Inc.

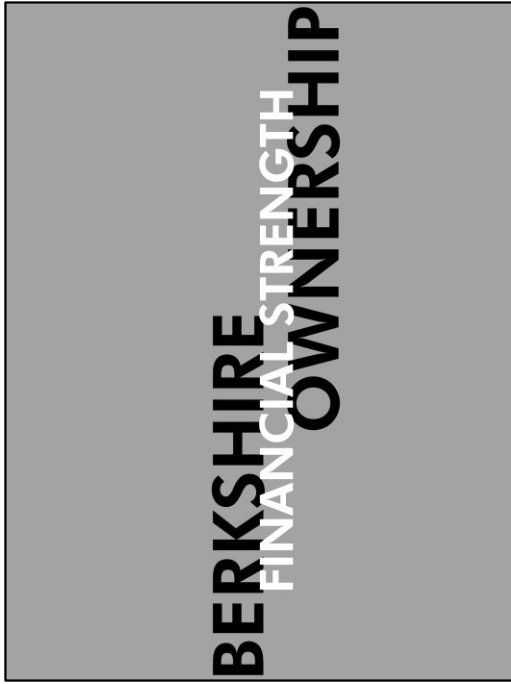
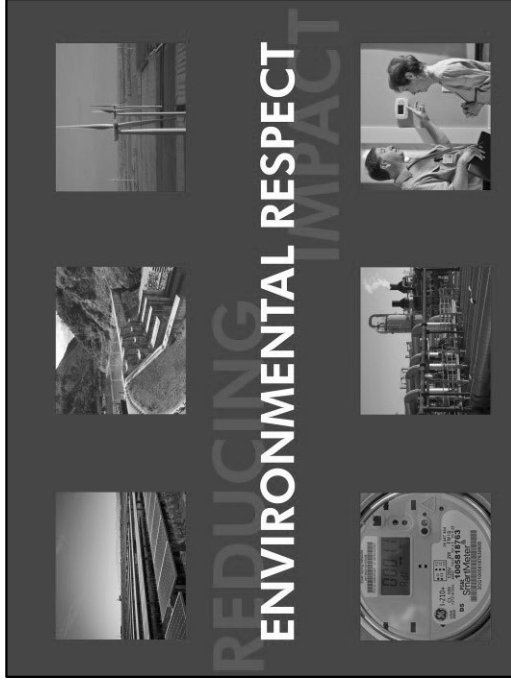
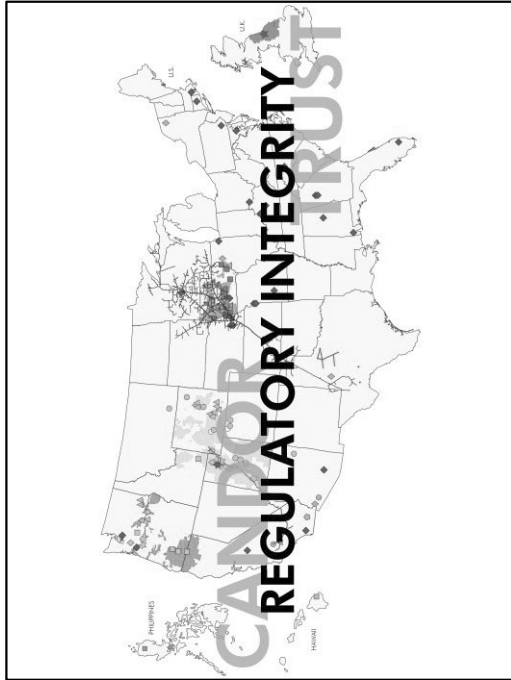
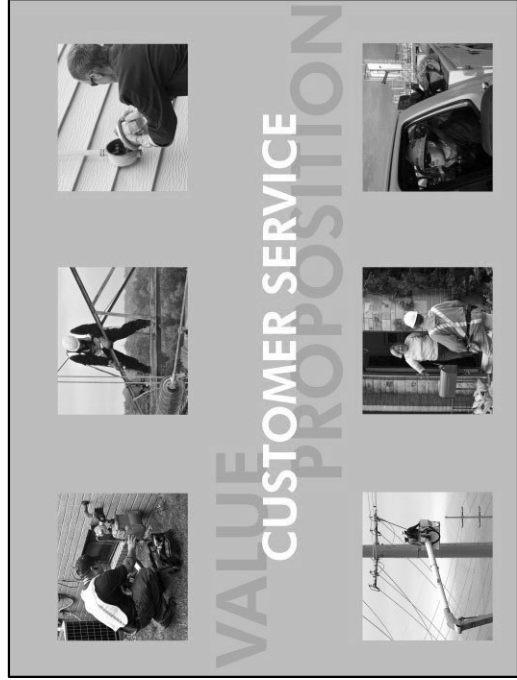
Internal audit assesses the adequacy and accuracy ~~is also responsible for updating of~~ this Anti-Fraud Program annually and provides recommendations for improvement to management and the risk committee, if warranted. The COSO Internal Control - Integrated Framework (2013) is used as the criteria for making this assessment.

- *Ethics & HR compliance function:* NV Energy maintains a qualified ethics & HR compliance function that reports to the senior vice president, human resources and corporate services. The ethics & HR compliance function works closely with legal and the corporate compliance officer on any compliance related issues. The manager, ethics & HR compliance has a Bachelor of Science degree in business administration with over 35 years of utility experience and is also a certified compliance and ethics professional.

The ethics & HR compliance function provides ongoing monitoring by ~~implementing~~ an effective compliance program to promote an ethical culture and to prevent illegal, unethical, fraudulent or improper conduct.



Version #	Date	Action Performed	Updated Reviewed By	Approved By
1	8/21/14	Created	Diana Kangas Katie Hampton	Kevin Bethel Mary Hausman
2	11/26/14	Updated all department references from "HR ethics and corporate compliance" to "ethics and HR compliance". Two minor wording changes in the <i>Whistleblower program</i> section.	Katie Hampton 11/25/14	Risk Committee via email vote 11/26/14
3	3/22/16	Reviewed with changes made to the administration of the Ethics & Compliance Hotline. Additional minor wording changes made.	Katie Hampton	Risk Committee via email vote 3/29/16
4	4/26/17	Performed annual review, resulting in minor revisions to the description of the Ethics & Compliance Hotline administration and communication. Replaced policyIQ with Wdesk. Updated employee titles, as needed.	Cyndi Divsalar Katie Hampton	Kevin Bethel Mary Hausman 4/6/17 Risk Committee 4/26/17
<u>5</u>	<u>x/xx/2023</u>	<u>Review with minor formatting and content edits.</u>	<u>John Lind</u> <u>Daniel Morley</u> <u>Risk Committee</u>	<u>Mike Behrens</u>



Risk Committee

Risk Control Report

August 16, 2023

Privileged and Confidential

Risk Control Report

- Information-only presentation
- Reporting period is for July 2023
- Reporting transaction, portfolio, and credit threshold notifications
- Monitoring the contract values and contract terms for executed transactions
- Monitoring the difference between the base tariff energy rate revenues and expenses

Executive Summary

- **Transaction Approval Notification Thresholds**
 - No exceptions to the transaction notification thresholds¹
- **Portfolio Risk Notification Thresholds**

Mark-to-Base Change Notification Thresholds:

 - All three entities are within the notification threshold

Value-at-Risk (VaR) Notification thresholds:

 - All three entities exceeded the notification threshold
- **Credit Risk Notification Thresholds**
 - No counterparties exceeded their assigned credit limits in July 2023
 - 0% of NV Energy's portfolio with mark-to-market exposure is below investment grade
 - The weighted average credit rating of the portfolio is BBB+

¹ – Transactions being reported do not include EIM transactions, only bilateral transactions

Forward Power Sales Compliance

- Risk Control has verified that forward sales activities were in compliance with the forward sales Procedure Manual.

Transaction Notification Thresholds

Contract Value

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$5.0M	Manager Contract Management (Amendments/Settling disputes only)	NV Energy South 1,648-Transactions NV Energy North 185-Transactions Total 1,833-Transactions ¹ Largest transaction \$826K Power Deal	●
	≤\$5.0M	Manager, Market Operations and Trading,		
	≤\$12.5M	Vice President, Resource Optimization		
	≤\$12.5M	Vice President, Renewable & Origination		
	≤\$25.0M	Vice President, Chief Financial Officer		
	≤\$50.0M	Chief Executive Officer		
	Unlimited	Chief Executive Officer, Berkshire Hathaway Energy Company		

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$12.5M	Vice President, Resource Optimization		●
	≤\$25M	Vice President, Chief Financial Officer		
	≤\$100M	Chief Executive Officer		

1 – Transactions being reported do not include EIM transactions, only bilateral transactions

Largest transaction –1-day power deal (Pwx) July 25, 2023 –
July 25, 2023

Portfolio Notification Thresholds

Company	Test Period	Notification Threshold (\$m)	Est. BTER Costs (\$m)	Est. BTER Revenue (\$m)	Cumulative Mark-to-Base (\$m)	Status	Previous Month's Cumulative Mark-to-Base (\$m)	Monthly Mark-to-Base Change (\$m)	Status
NV Energy South	Jan 23-Dec 23	80	1,845.3	(1,933.6)	(88.3)		(127.8)	39.6	
NV Energy North	Jan 23-Dec 23	50	495.5	(609.1)	(113.6)		(125.3)	11.7	
NV Energy LDC	Jan 23-Dec 23	10	143.9	(154.4)	(10.5)		(12.4)	2.0	

Revenues estimated using the following projected BTER rates:




Entity	10/1/2023	1/1/2024	4/1/2024	7/1/2024
NVE-S Residential	\$0.09869	\$0.08990	\$0.08776	\$0.06861
NVE-S Non-residential	\$0.09800	\$0.09098	\$0.08767	\$0.06476
NVE-N	\$0.06909	\$0.06382	\$0.05732	\$0.05740
NVE-N LDC	\$0.83721	\$0.81017	\$0.67136	\$0.46950

NPC has a breakout between residential and non-residential because of direct assignment of Hoover costs between the two groups. This results in one BTER/DEAA set of rates for residential and one BTER/DEAA set of rates for non-residential.

SPPC and the LDC do not have any directly assigned resource costs that are broken out between two customer categories. All customers pay the same BTER/DEAA rate.

<input type="radio"/>	Notification Not Required	<input type="radio"/>	Near Notification Threshold	<input checked="" type="radio"/>	Notification Required
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Portfolio Notification Thresholds

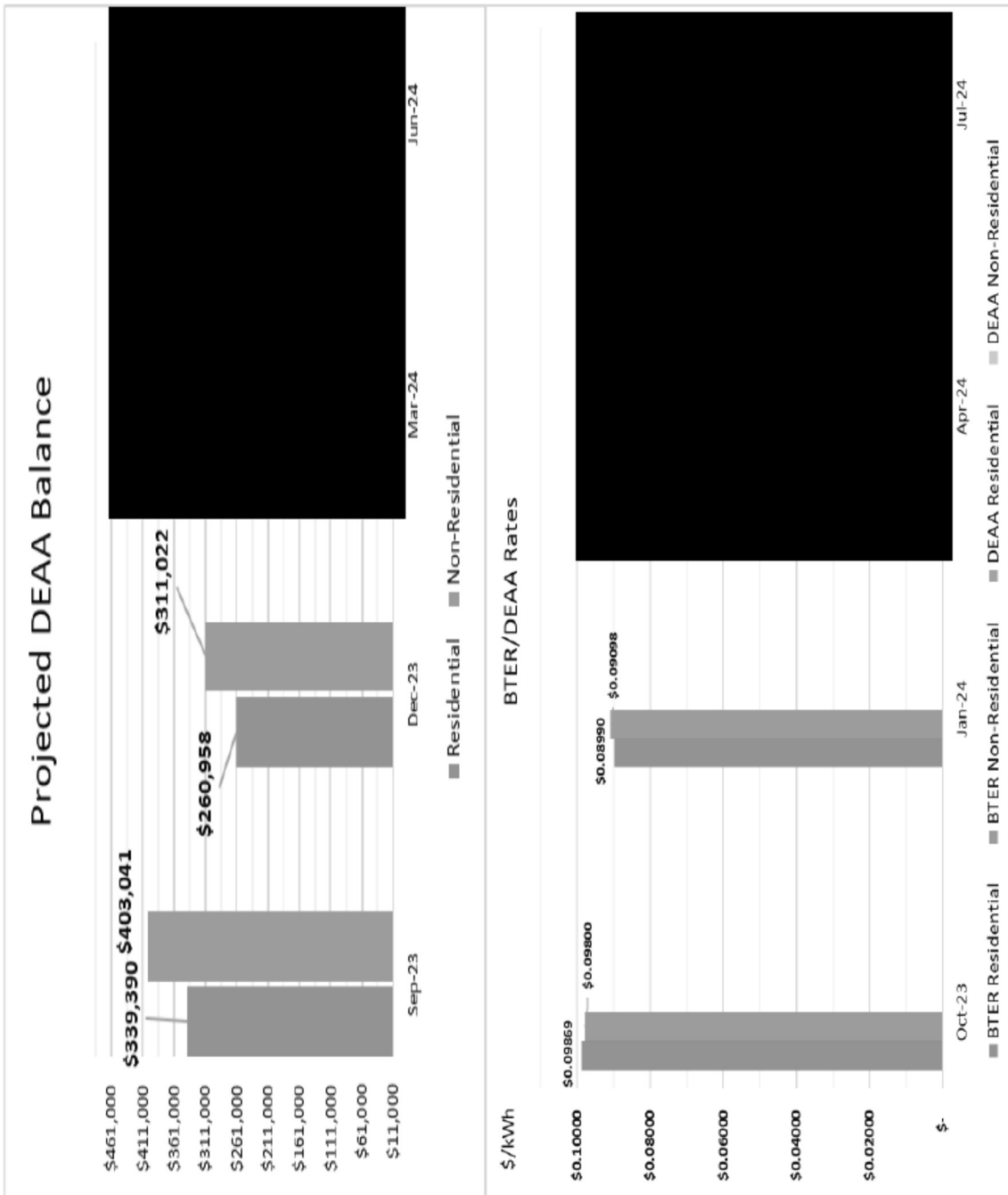
Company	VaR Notification Threshold (\$m)	Est. BTER costs for the Test Period (\$m)	Next 12 months VAR (\$m)	Status
NV Energy South	100	1,845.3	139.3	
NV Energy North	60	495.5	51	
NV Energy LDC	20	143.9	37.6	

	Notification Not Required		Near Notification Threshold		Notification Required
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Base Tariff Energy Rates and DEAA Balances – NPC Electric

Privileged and Confidential

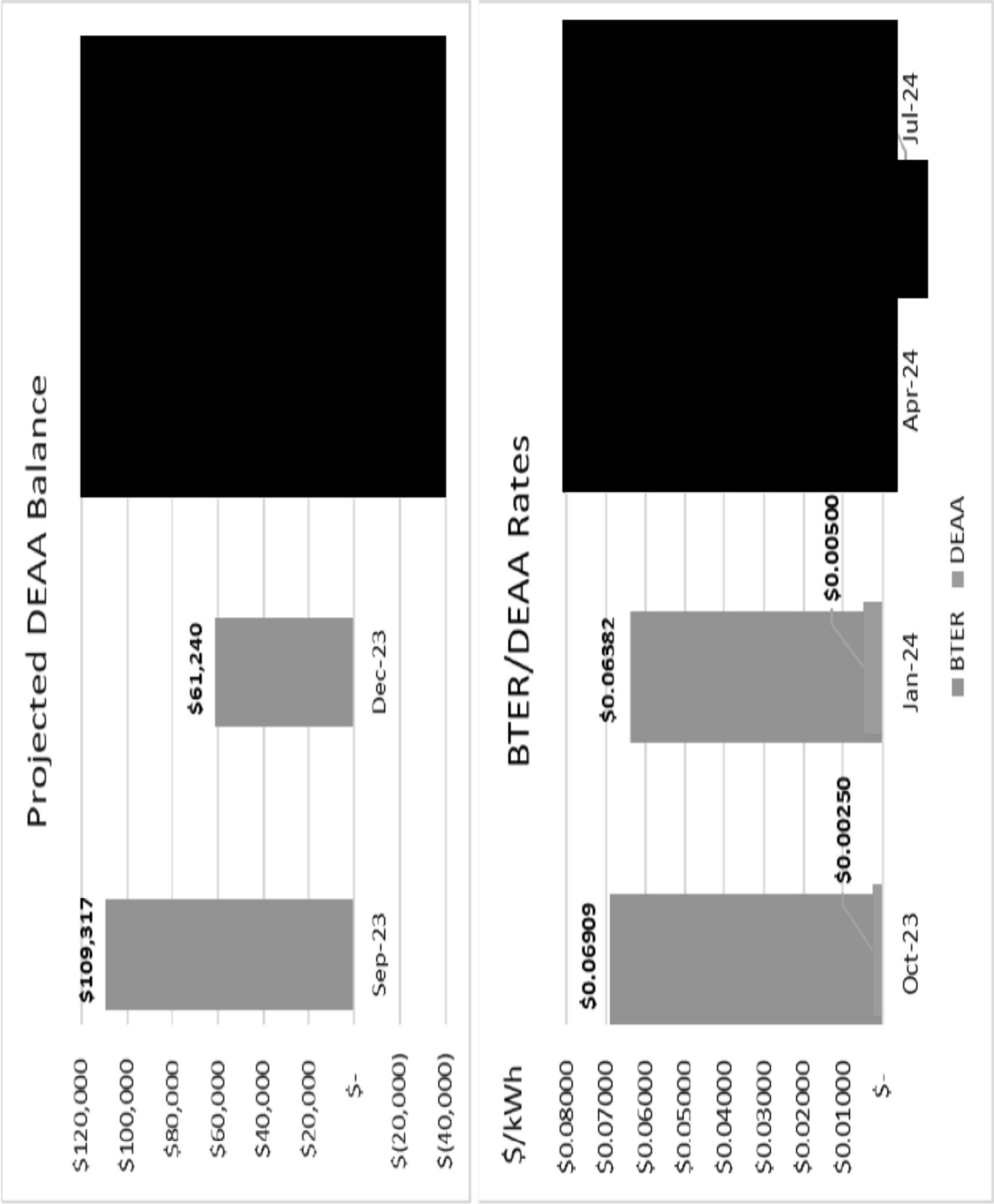
REDACTED PUBLIC VERSION



Base Tariff Energy Rates and DEAA Balances – SPPC Electric

Privileged and Confidential

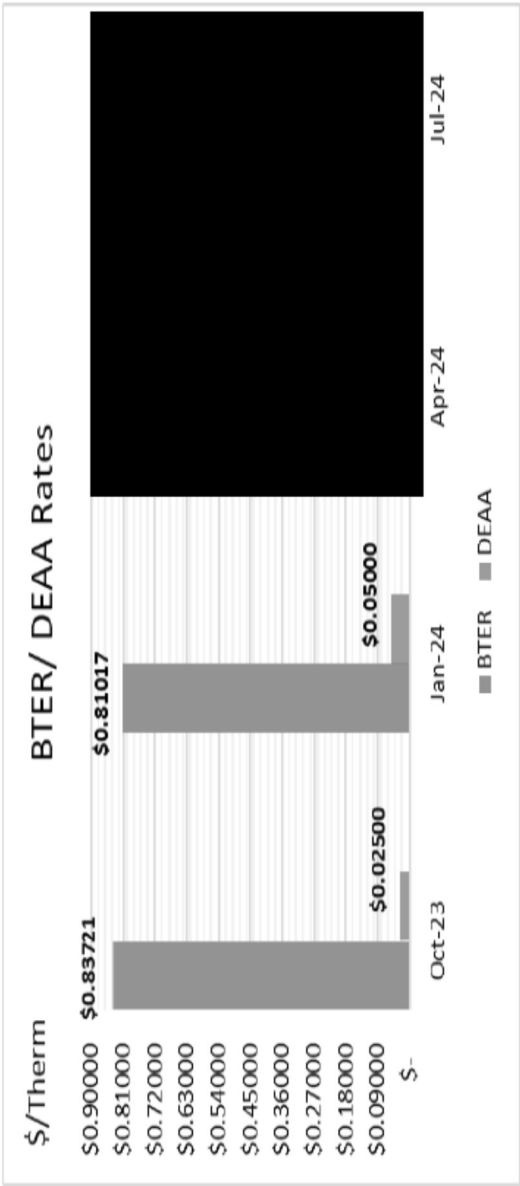
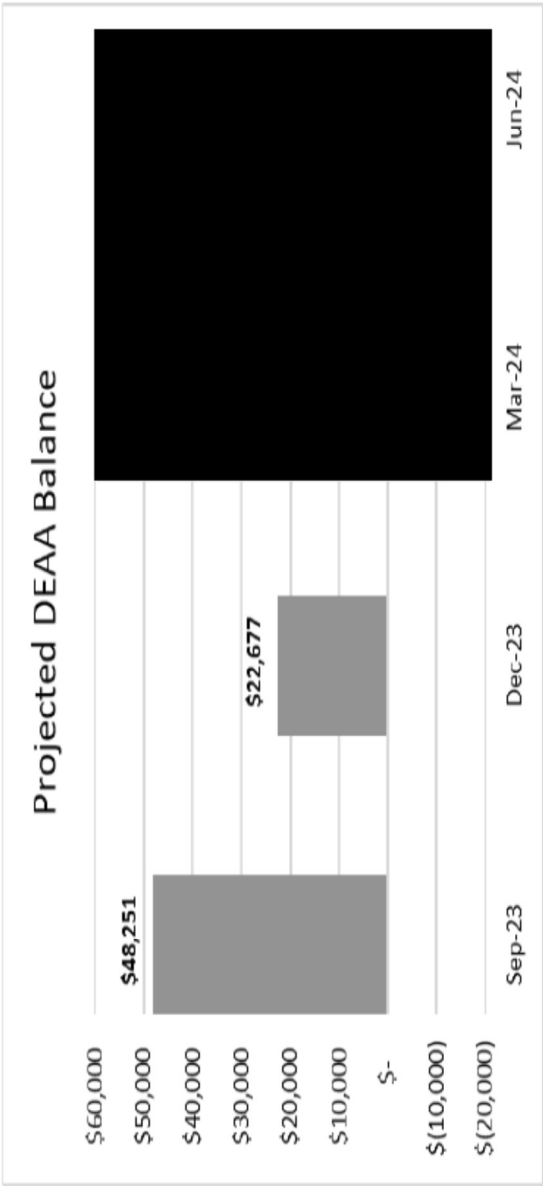
REDACTED PUBLIC VERSION



Base Tariff Energy Rates and DEAA Balances – SPPC LDC

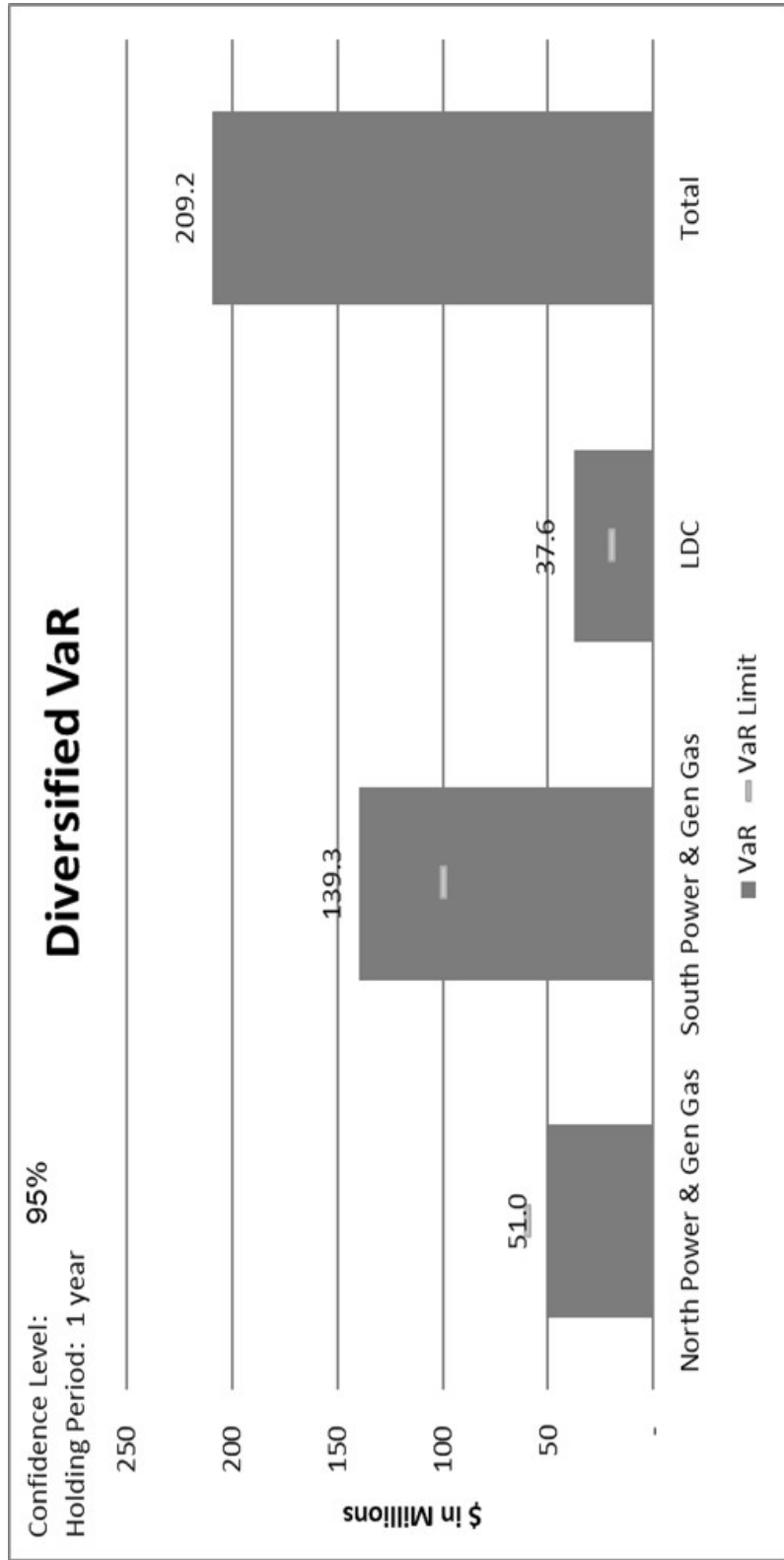
Privileged and Confidential

REDACTED PUBLIC VERSION



Negative = over collection
Positive = under collection

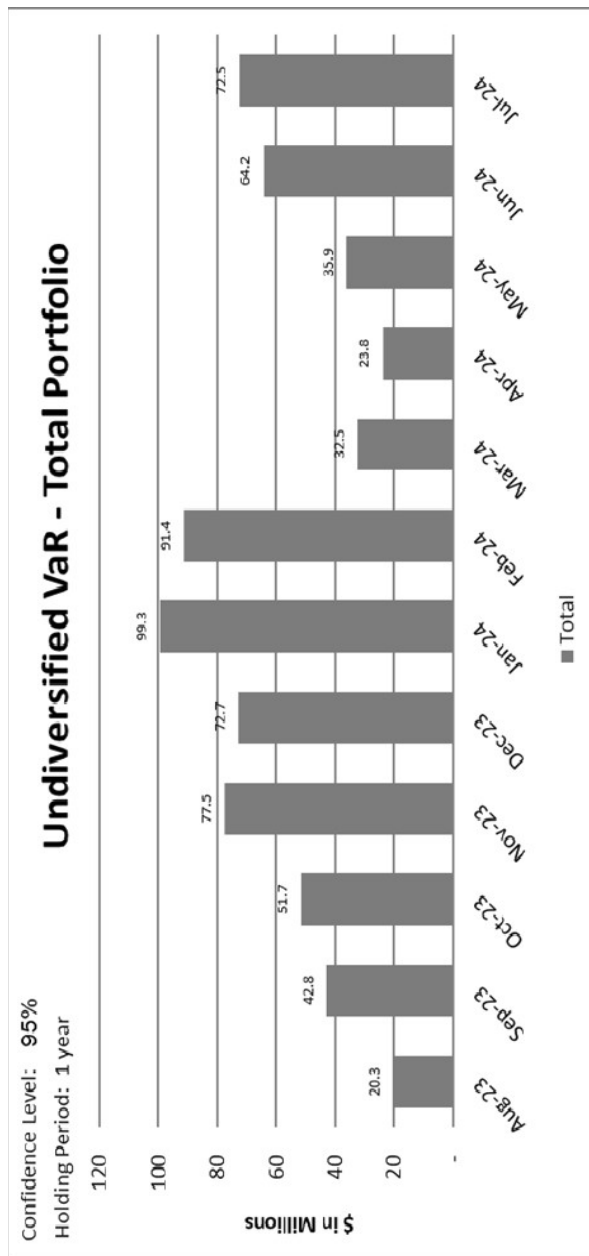
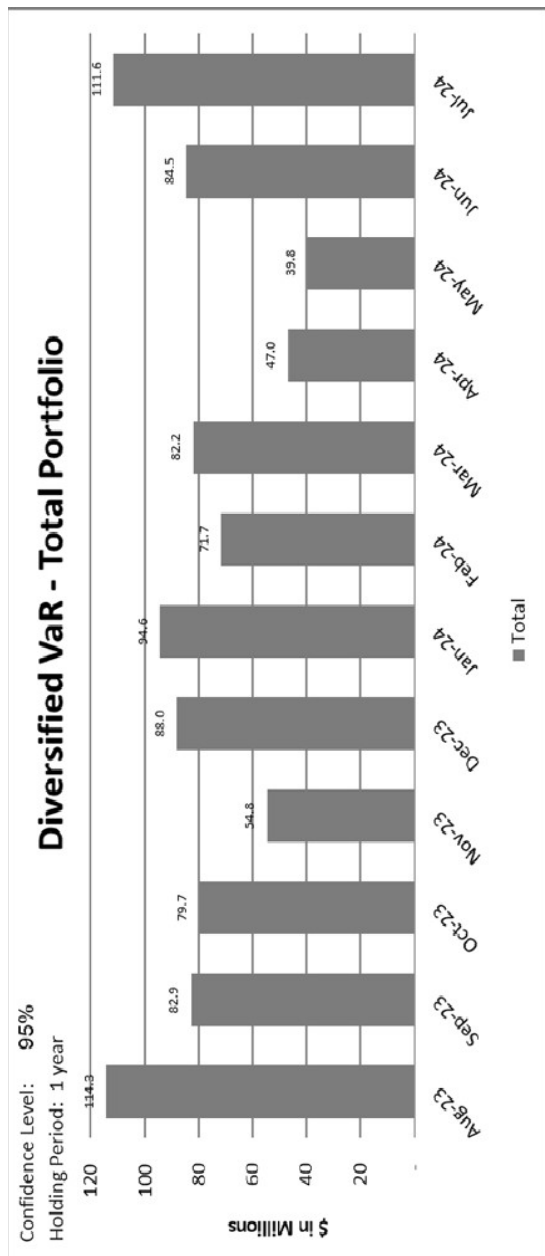
Portfolio Value-at-Risk Charts



Value-at-Risk
(also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)

The expected maximum increase in fuel and wholesale power costs over a target horizon within a given confidence interval and holding period. Value-at-Risk serves as a gauge of market exposure, summarizing the total market risk in a portfolio of assets.

Portfolio Value-at-Risk Charts



Credit Notification Thresholds

Portfolio Below Investment Grade Notification Threshold*

Company	Actuals	Notification Threshold	Status
NV Energy	0% of NV Energy's portfolio with MTM exposure is below sub-investment grade.	40%—interim notification threshold and an actual MTM exposure threshold of \$10.0M	●

Portfolio Weighted Average Credit Rating*

Company	Actuals	Notification Threshold	Status
NV Energy	The weighted average rating for the month of July "BBB+"	BBB- or above—interim notification threshold <u>and</u> an actual MTM exposure threshold of \$10.0M	●

●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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* Excludes counterparties associated with long-term gas tolling agreements and qualifying facility agreements.

Credit Notification Thresholds

Counterparty Notification Threshold for Ongoing Transactions*

Company	Actuals	Notification Threshold	Status
NV Energy	No counterparties exceeded their assigned credit limits in July	AAA to AA-	\$20.0M
		A+ to A-	\$15.0M
		BBB+ to BBB-	\$10.0M
		BB+	\$6.0M
		Less than BB+	\$0

* Excludes counter-parties associated with long term gas tolling agreements and qualifying facility agreements.

Counterparty Notification Threshold for Large Transactions

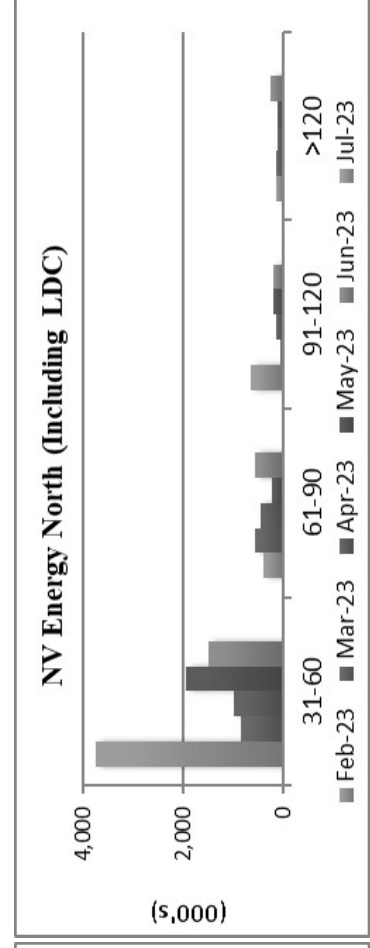
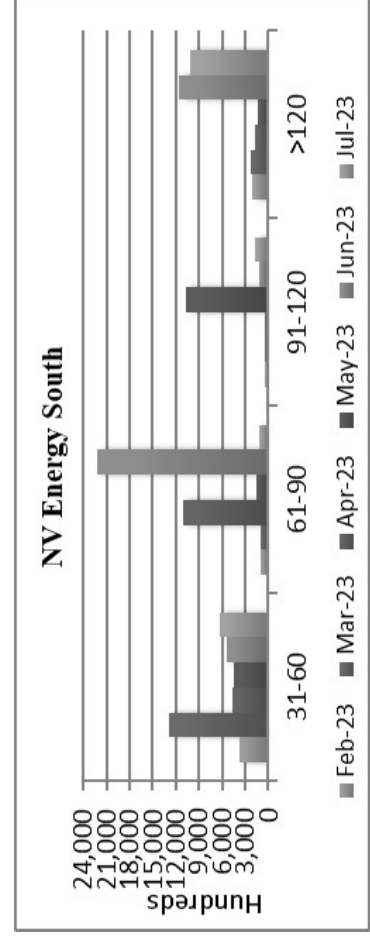
Company	Actuals	Notification Threshold	Status
NV Energy	No transactions >\$6.0M were executed during the month.	AAA to AA-	\$20.0M
		A+ to A-	\$15.0M
		BBB+ to BBB-	\$10.0M
		BB+	\$6.0M
		Less than BB+	\$0

<input checked="" type="radio"/>	Notification Not Required	<input type="radio"/>	Near Notification Threshold	<input checked="" type="radio"/>	Notification Required
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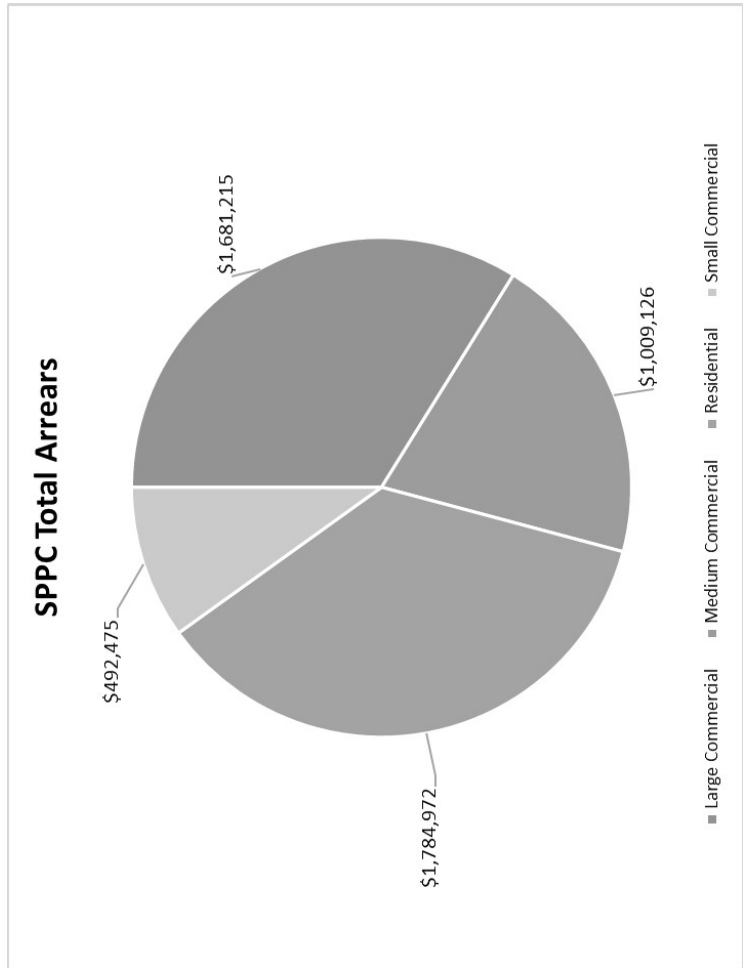
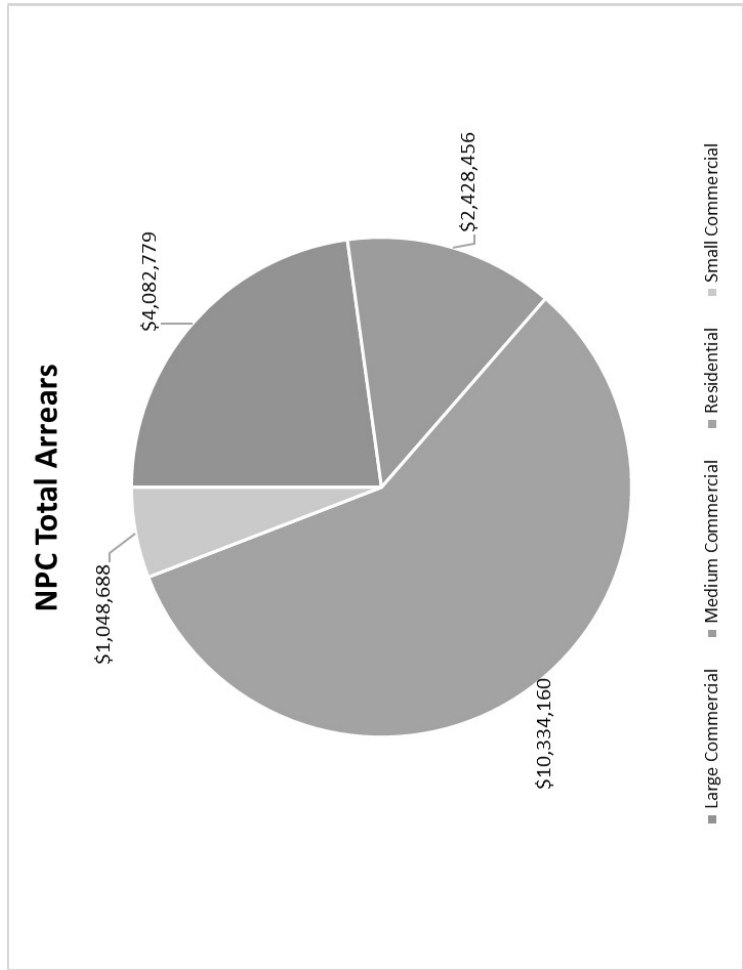
Medium-Large Major Commercial Customers

Arrears Balance

Company	Month	Arrears Balance (\$K)	Total Monthly Current Receivables for the Past 12 Months (\$K)	% in Arrears	Largest Arrears Balance of a Single Customer (\$K)
NV Energy South	22-Dec	738.39	272,408.8	0.271%	219.0
	23-Feb	1,649.91	280,906.3	0.587%	1168.5
	23-Mar	1,788.91	287,966.5	0.621%	1115.0
	23-Apr	1,805.77	288,659.6	0.626%	1078.8
	23-Jun	4,040.06	293,350.8	1.377%	1375.3
	23-Jul	1,943.26	303,173.3	0.641%	1163.6
NV Energy North/LDC	23-Feb	4,907.73	66,672.6	7.361%	3011.8
	23-Mar	1,584.44	68,225.1	2.322%	417.8
	23-Apr	1,674.63	66,134.6	2.532%	417.0
	23-May	2,452.78	73,763.2	3.325%	583.9
	23-Jun	2,509.25	82,652.8	3.036%	621.6
	23-Jul	43.23	82,761.2	0.052%	22.0



Medium-Large Major Commercial and Residential Arrears Balance



Data from Banner – Run date 7/31/23



Recommendations and Corrective Action

- No corrective action is necessary at this time

SEPTEMBER

Risk Committee
Wednesday, September 20, 2023
8:00 a.m. - 9:30 a.m.

Locations
Las Vegas: Red Rock
Conference Room
Reno: Virginia

[Click here to join the meeting](#)

Microsoft Team Meeting (702-870-3481/Access code: 3632412#)

DEAA Compliance Portion						
	Min	Start	End	Subject	Action	Presenter
1	0:10	8:00	8:10	Introduction and approval of Risk Committee Meeting Minutes for August 16, 2023	Approval	Adrian Cacuci
2	0:20	8:10	8:30	Energy Supply Plan Update	Approval	Sophia Hickly
3	0:15	8:30	8:45	Risk Control Report	Informational	Richard Kirkendoll

Risk Committee Meeting
Wednesday, September 20, 2023
8:00 a.m. – 9:30 a.m.

Voting Members in Attendance:

Brandon Barkhuff, Senior Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer
Michael Behrens, Vice President, Chief Financial Officer
Joshua Langdon, Vice President, Transmission
Matthew Johns, Vice President, Environmental Services & Land Management
Zeina, Randall, Vice President, Gas Delivery
Antoine Tilmon, Vice President, Customer Operations
Janet Wells, Vice President, Regulatory
Ryan Atkins, Vice President, Resource Optimization
Adrian Cacuci, Treasurer
Kimberly Williams, Director, Resource Planning & Analysis

Members not in attendance: Marie Steele, Jason Hammons, Jimmy Daghlain, Jesse Murray

(Attendance constitutes a quorum)

Others Present: Michael Greene, Brenda Compton, Tim Pollard,
Cary Shelton-Patchel, Ryan Tardy, Dave Maher, Jenny Venter

Presenters: Sophia Hickly (Item 2), Richard Kirkendoll (Item 3)

Recorder: Richard Kirkendoll, Risk Control

Item 1 Risk Committee August 16, 2023, meeting minutes

Attachments: August 16, 2023, Risk Committee Meeting Minutes

Overview: Review the Risk Committee meeting minutes from August 16, 2023

Discussion: The Committee reviewed and discussed the meeting minutes for August 16, 2023

Voting Results: Motion: Brandon Barkhuff
Second: Michael Behrens
Motion Approved Unanimously

Item 2 Energy Supply Plan Update and Natural Hedging Strategy

Attachments: Monthly Energy Supply Plan Update – Presentation

Overview: Review of the energy supply forecasts and procurements, as well as capacity positions, coal procurement and load forecasts. Recommending no changes to the approved physical gas volumes for both NV Energy North and South. Recommending no changes to 2024-2025 open capacity position and maintain

the current no hedge strategy and not physically hedge natural gas portfolio for both NPC and SPPC.

Discussion: The Committee discussed the physical gas volumes as presented and were informed that the open capacity remained the same as last of with a total of 933 MW open position for summer 2024 and up to 1,345 MW's open position for summer 2025. The load forecast remained the same, also there was not a significant gas price increase in the south, but there was a 6% increase in price in the north compared to last month. As of August 31st, we have 35 burn days left for coal. It was stated that the goal for coal burn days was 30 days, having 35 days puts the Company in a really good position. The anticipated number of days for coal burn in winter is 32-35 days, which would be consistent with historically on the Company operated.

Market Fundamentals – Domestic gas production continues to be higher production year over year and gas storage level is 12% over the 5-year average and 22% above the same period last year, which leads to gas prices being depressed as seen throughout summer. Resource Optimization just completed a session with NERA, who did an analysis on the Companies gas strategies, and they continue to support the Companies no-hedge strategy and believe that it is prudent for the Company. The Committee discussed how the Company would mitigate the risk for transport capacity for coal as well as gas, and power as it relates to peak days for both the north and south. There was also a discussion in the meeting regarding the Resource Adequacy workshop held with the PUCN on September 19th, that involved future plans, how to fill open positions, what resources are needed, and how to focus on deals that are asset backed specifically for July through September for future RFPs.

Committee Action: The Committee approved the recommended approval of no changes to the approved physical gas changes for NV Energy North and South

Voting Results: Motion: Janet Wells
Second: Brandon Barkhuff
Motion Approved Unanimously

Committee Action: The Committee approved the recommendation of no changes to the 2024 and 2025 open capacity positions.

Voting Results: Motion: Brandon Barkhuff
Second: Michael Behrens
Motion Approved Unanimously

Committee Action: The Committee approved the recommendation to maintain the current no hedge strategy and no physical hedge natural gas portfolio for the southern and northern territories.

Voting Results: Motion: Brandon Barkhuff
Second: Ryan Atkins
Motion Approved Unanimously

Item 3 Risk Control Report

Attachments: Risk Control Report - Presentation

Overview: Review of credit and market risk thresholds for the month of August 2023.

Discussion: The Committee was informed that no counterparty exceeded its credit limit during the month of August. The cumulative mark-to-base figures were below the notification thresholds, and the Value-at-Risk was above the notification threshold. No forward power sales were transacted on, but the Company continues to transact forward purchases. It was pointed out that all of the entities were currently under collecting and were not projected to over collect until May 25 and September 26 for NPC, residential and non-residential respectively, April 24 for SPPC, and March 2024 for LDC.

It was reported that a couple of customers had large arrear balances which would be analyzed further. One of the customers was having billing issues (meters) and the other one may have been paying on an inactive account, which would reflect why the original account was not being credited properly.











EMPLOYEE COMMITMENT





CUSTOMER SERVICE









OPERATIONAL EXCELLENCE








REGULATORY INTEGRITY

ENVIRONMENTAL RESPECT





BERKSHIRE
FINANCIAL STRENGTH
OWNERSHIP

Risk Committee

Monthly Energy Supply Plan Update/Resource Planning and Analysis

September 20, 2023

Privileged and Confidential

Recommendations

1. Recommend no changes to the approved physical gas volumes for both NV Energy North and South (as shown on slides 10 and 11, highlighted in yellow) as the targets for the procurement of gas for the four-season ahead laddering strategy:

- Volumes were last approved by the Risk Committee in August 2023
- Material variances between procured and projected volumes during the current season will be resolved either through the daily market or during bid week
- The next natural gas request for proposal is first quarter of 2024, with the recommendation for new target volumes to be presented to the Risk Committee

Recommendations

2. Recommend no changes to the 2024 and 2025 open capacity positions as shown on slide 6

- a) Slide 6 reflects all firm market power purchases transacted as of September 15, 2023.

2024	June	July	August	September
RFP	250 MW	250 MW	250 MW	0 MW
Powerex	168 MW	168 MW	168 MW	168 MW
Total	418 MW	418 MW	418 MW	168 MW

2025	June	July	August	September
RFP	0 MW	0 MW	0 MW	0 MW

- b) Slide 6 reflects the Unit Characteristics Table (starts-cost based) updated on May 19, 2023
- c) Slide 6 reflects the inclusion of Chukar 1, North Valley Geo, Brunswick diesel, Reid Gardner BESS, Silverhawk peaking units and the extension of NCA 1 (summer 2024).
- d) Slide 6 reflects Tracy 3 outage in September due to environmental restrictions.
- e) Slide 6 reflects a 16% Planning Reserve Margin (“PRM”) and 90 MW OATT reserve.
- f) Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III.
- g) Slide 6 reflects the following assumptions for Valmy 1 and 2:
- Valmy 1 is only available for July and August through 12/31/2025, except that it will be must run for reliability reasons.
 - Valmy 2 on RMR (reliability must run) status through 12/31/2025.
 - Valmy 1 minimum is lowered to 42.5 MW and Valmy 2 minimum is lowered to 45 MW for coal conservation.
 - Valmy units are both restricted to minimum capacity except for emergency, due to coal conservation.

3. Natural Gas Hedging Strategy

- Maintain the current, no hedge strategy and not physically hedge natural gas portfolio for the northern and southern Nevada service territories



Topics/Issues

1. Physical Gas Procurement

- Sierra (electric and gas) and Nevada Power employ a four-season laddering strategy for physical gas purchases through which 25% of projected monthly gas requirements per season are procured, as approved by the Public Utilities Commission of Nevada in Docket No. 09-09001
- Four-season projected physical gas requirements, subject to approval by the Risk Committee, are the basis for gas purchases and serve as the approved procurement volumes
- Physical gas transactions through the Summer 2025 season are at the targeted procurement levels per the four-season laddering strategy, e.g., 100% for the current season

2. Power Procurement

- Sierra (electric) and Nevada Power employ a four-season laddering strategy to close up to the largest open power position, as approved by the Public Utilities Commission of Nevada in Docket No. 21-06001.
- Four-season projected open power requirements, subject to approval by the Risk Committee, are the basis for power purchases and serve as the approved procurement volumes.

Topics/Issues

3. Summer Peak Hour Capacity Positions for 2023 and 2024 (Table on slide 6)

- The table shows 933 MW open position for summer 2024.
- The table shows up to 1,345 MW open position for summer 2025

4. Coal Procurement and Strategy

- Projected coal burns for Sierra (electric) are continually monitored; additional coal, if needed, will be procured on the spot market
- NV Energy aims to maintain 30 burn days of coal, or 78,000 tons, which would allow both Valmy units (NVE share only) to run at minimum load per month

2024-2025 Load and Resource Table Summary

NV Energy

(Normal weather forecasted monthly hourly peak)

	Jun-24	Jul-24	Aug-24	Sep-24	Jun-25	Jul-25	Aug-25	Sep-25
Net Peak Forecast-NPC	5,734	5,832	5,976	5,330	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	956	853	929	955	973	874
Reserves (16%)SPPC	286	298	311	258	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	8,806	9,079	9,120	8,421
Available NPC	6,057	6,502	6,610	6,325	0	0	0	0
Available SPPC	1,738	1,735	1,864	1,578	6,123	6,113	6,218	6,132
Available NVE	7,794	8,237	8,473	7,902	1,623	1,621	1,648	1,526
					7,746	7,734	7,867	7,658
					0	0	0	0
Long/(Open) - NPC	(594)	(263)	(322)	141	(614)	(810)	(834)	(202)
Long/(Open) - SPPC	(339)	(426)	(390)	(292)	(446)	(535)	(420)	(561)
Long/(Open) - NVE	(933)	(689)	(713)	(150)	(1,060)	(1,345)	(1,254)	(764)

Topics/Issues

5. Load Forecasts

- The load forecasts for Nevada Power and Sierra (electric) are both based on the 2022 3rd IRPA Load Forecasts approved on May 18, 2022. It included the stipulated load forecasts filed in September 2022, Docket 22-09006.
- Sierra (gas) is updated to the 2023-2024 ESP Load Forecast

6. Natural Gas Procurement

- For the current gas season of just October 2023, both Nevada Power and Sierra (gas) are within the targeted bandwidths.

Nevada Power

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

		Remarks		
Load Forecast	2023 3rd IRPA Forecast		Change In Prices Since Gas Volumes Were Approved in August 2023	Change In Prices From Prior Month
Gas Price Forecast (SoCal)	Winter 2023 - 2024		4%	4%
	Summer 2024		0%	0%
	Winter 2024 - 2025		2%	2%
	Summer 2025		0%	0%
Power Price Forecast (Mead)	Winter 2023 - 2024		-10%	-10%
	Summer 2024		-2%	-2%
	Winter 2024 - 2025		-6%	-6%
	Summer 2025		-2%	-2%
Plant Maintenance / Outages	Updated as of the end of August 2023			

Forecast Results

		Change in Volumes Since Approved in August 2023	Change In Volumes From Prior Month
Natural Gas Burns	Winter 2023 - 2024		0%
	Summer 2024		0%
	Winter 2024 - 2025		0%
	Summer 2025		0%

Sierra

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

	Remarks		
Electric Load Forecast	2023 3rd IRPA Forecast		
Gas Forecast (Sendout)	2023-2024 Energy Supply Plan Load Forecast		
Gas Price Forecast (Main)		Change In Prices Since Gas Volumes Were Approved in August 2023	Change In Prices From Prior Month
	Winter 2023 - 2024	6%	6%
	Summer 2024	6%	6%
	Winter 2024 - 2025	0%	0%
	Summer 2025	2%	2%
Plant Maintenance / Outages	Updated as of the end of August 2023		

Forecast Results

		Change in Volumes Since Approved in August 2023	Change In Volumes From Prior Month
Natural Gas Burns	Winter 2023 - 2024	-1%	-1%
	Summer 2024	-2%	-2%
	Winter 2024 - 2025	1%	1%
	Summer 2025	-1%	-1%



Nevada Power Daily Physical Gas Requirements (MMBtu/day)

Privileged and Confidential

2023

1 Approved (Rounded to thousands)
2 Risk Committee Approval Date
3 Current Procured Volumes
4 Current Target Procurement Level
5 Current Projection (September 2023 Risk Run)
6
7 Variance (Approved - Current Projection)
8

2024

10 Approved (Rounded to thousands)
11 Risk Committee Approval Date
12 Current Procured Volumes
13 Current Target Procurement Level
14 Current Projection (September 2023 Risk Run)
15
16 Variance (Approved - Current Projection)
17
18

2025

19 Approved (Rounded to thousands)
20 Risk Committee Approval Date
21 Current Procured Volumes
22 Current Target Procurement Level
23 Current Projection (September 2023 Risk Run)
24
25 Variance (Approved - Current Projection)
26
27

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
359,000 Aug 2023	304,000 Aug 2023	271,000 Aug 2023	328,000 Aug 2023	311,000 Aug 2023	342,000 Aug 2023	500,000 Aug 2023	455,000 Aug 2023	397,000 Aug 2023	318,000 Aug 2023	286,000 Aug 2023	343,000 Aug 2023
359,000 100%	304,000 100%	271,000 100%	328,000 75%	311,000 75%	342,000 75%	500,000 75%	455,000 75%	397,000 75%	318,000 75%	286,000 50%	343,000 50%
359,005	304,578	272,582	330,936	313,552	342,762	501,601	455,691	397,948	321,392	284,266	342,137
(5)	(578)	(1,582)	(2,936)	(2,552)	(762)	(1,601)	(691)	(948)	(3,392)	1,734	863
324,000 Aug 2023	283,000 Aug 2023	241,000 Aug 2023	228,000 Aug 2023	306,000 Aug 2023	406,000 Aug 2023	513,000 Aug 2023	479,000 Aug 2023	380,000 Aug 2023	329,000 Aug 2023		
161,500 50%	141,500 50%	120,500 50%	56,500 25%	76,000 25%	101,500 25%	128,000 25%	119,500 25%	95,000 25%	82,000 25%		
322,939	282,592	240,936	228,911	307,873	408,720	512,754	476,857	382,003	330,242		
1,061	408	64	(911)	(1,873)	(2,720)	246	2,143	(2,003)	(1,242)		

Variances outside the acceptable bandwidth of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week
Above volumes represent KERN River Pipeline delivered gas only.

Daily Physical Gas Requirements

(MMBtu/day – includes electric and gas)

2023

1 Approved (Rounded to thousands)
2 Risk Committee Approval Date
3 Current Procured Volumes
4 Current Target Procurement Level
5 Current Projection (September 2023 Risk Run)

6
7 Variance (Approved – Current Projection)

2024

10
11 Approved (Rounded to thousands)
12 Risk Committee Approval Date
13 Current Procured Volumes
14 Current Target Procurement Level
15 Current Projection (September 2023 Risk Run)

16
17 Variance (Approved – Current Projection)

2025

19
20
21 Approved (Rounded to thousands)
22 Risk Committee Approval Date
23 Current Procured Volumes
24 Current Target Procurement Level
25 Current Projection (September 2023 Risk Run)

26
27 Variance (Approved – Current Projection)

Variances outside the acceptable bandwidth of 15,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
179,000	180,000	171,000	73,000	110,000	117,000	153,000	147,000	137,000	135,000	157,000	179,000
Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Feb 2023	Aug 2023	Aug 2023
178,500	180,000	170,500	63,000	82,500	87,500	114,500	110,000	102,500	135,000	157,000	178,500
100%	100%	100%	75%	75%	75%	75%	75%	75%	100%	100%	100%
178,847	179,918	168,546	71,414	107,220	115,536	149,741	144,470	134,209	142,852	155,139	176,194
153	82	2,454	1,586	2,780	1,464	3,259	2,530	2,791	(7,852)	1,861	2,806
173,000	172,000	148,000	119,000	114,000	125,000	147,000	145,000	123,000	112,000	152,000	185,000
Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023
86,500	86,000	73,500	29,500	28,500	31,000	36,500	36,000	30,500	92,000	76,000	92,500
50%	50%	50%	25%	25%	25%	25%	25%	25%	75%	50%	50%
175,784	172,538	148,349	118,087	111,748	118,629	147,180	145,610	121,080	118,484	153,822	186,561
(2,784)	(538)	(349)	913	2,252	6,371	(180)	(610)	1,920	4,516	(1,822)	(1,561)

Coal Inventory

Proactive actions taken regarding coal supply

- Second train contracted for 2023 to help with deliveries
- Diversified supply by contracting with three different mines
- Weekly calls with Union Pacific to ensure train/crew schedules are on track

Month	End of Month Inventory Level (Tons), Including Trains in Transit	Estimated Burn Days
Valmy (Sierra Pacific Power Company Share Only)		
Aug 2023	106,423	35 days as of August 31, 2023 (Assumes daily burn of 3,000 tons(1))
Jul 2023	129,043	
Jun 2023	179,924	
May 2023	97,261	

(1) Burn days for each plant are based on 90% capacity burn

Market Fundamentals Overview

- ✓ EIA forecasts U.S. dry natural gas production to remain relatively flat for the rest of 2023 and 2024. Dry natural gas production averaged more than 102 billion cubic feet per day (Bcf/d) in the first half of 2023 (1H23), which is a 6 Bcf/d increase compared with the same period in 2022. According to EIA forecast dry natural gas production will rise to about 104 Bcf/d through the end of the forecast in 2024 as new pipeline capacity comes online and demand for liquefied natural gas feed gas increases as developers expect two new facilities to come online. Production has remained at relatively high levels throughout 2023 despite a decline in U.S. natural gas prices. [EIA, Short-Term Energy Outlook, August 2023].
- ✓ The U.S. benchmark Henry Hub spot price averaged \$2.41 per million British thermal units (MMBtu) in 1H23, compared with an annual average of \$6.42/MMBtu in 2022. [EIA, Short-Term Energy Outlook, August 2023].

Market Fundamentals Overview

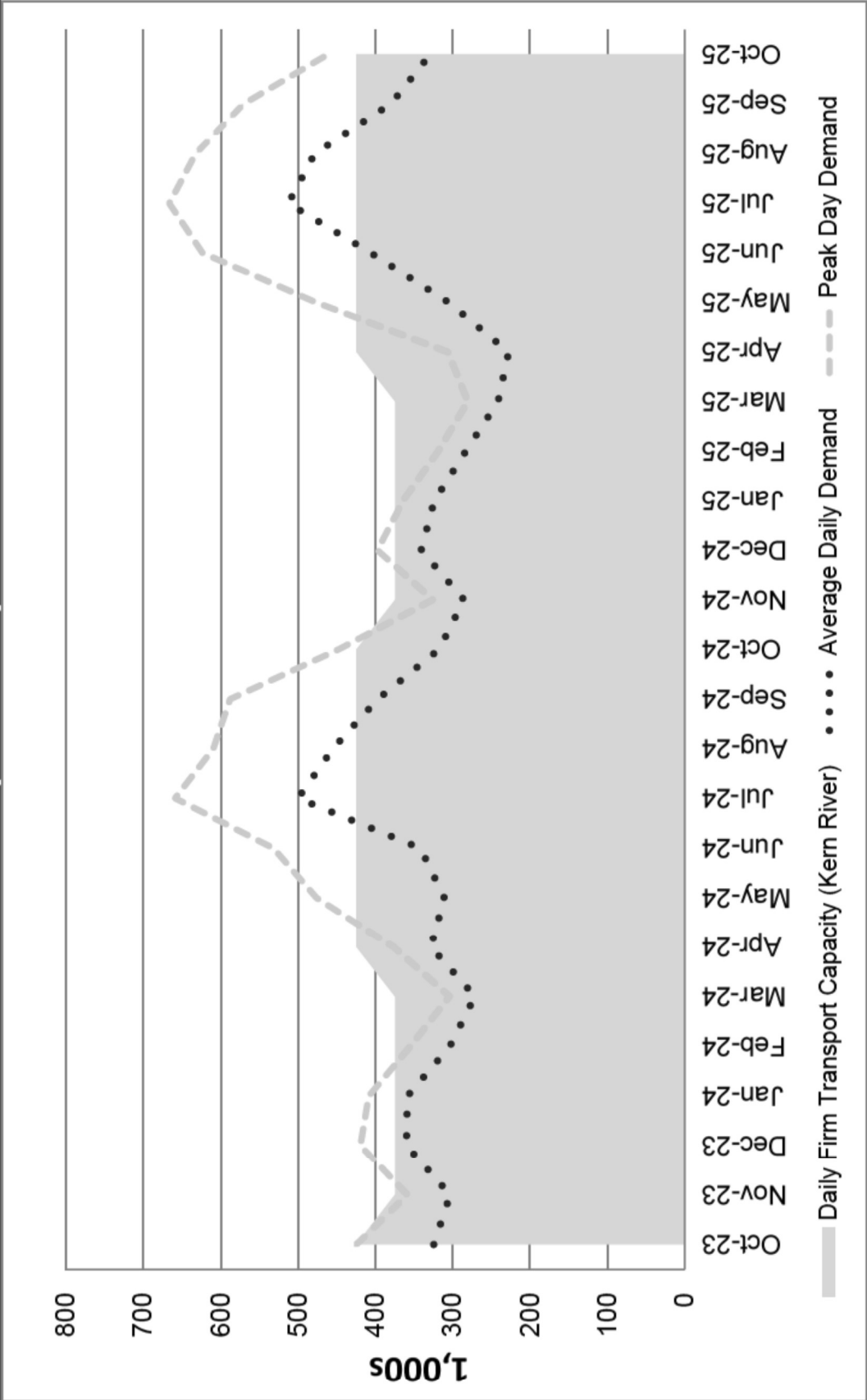
- ✓ U.S. working natural gas inventories totaled 3,051 Bcf at the end of July, 12% above the five-year (2018–2022) average and 22% above the same period last year. Net injections of natural gas into storage have exceeded the five-year average by 3% so far this refill season (April 1–October 31), in part due to high natural gas production. The increased surplus of natural gas storage inventories reduced natural gas prices throughout 1H23 compared with 2022. [EIA, Short-Term Energy Outlook, August 2023].
- ✓ EIA forecasts working natural gas inventories to end the refill season at nearly 3.9 trillion cubic feet (Tcf) which is 7%, or 250 Bcf, higher than the five-year average. We expect storage inventories to remain above the five-year average throughout 2024 as natural gas production remains high and natural gas consumption declines by 2% in 2024 compared with 2023. [EIA, Short-Term Energy Outlook, August 2023].

Technical Appendix



Nevada Power

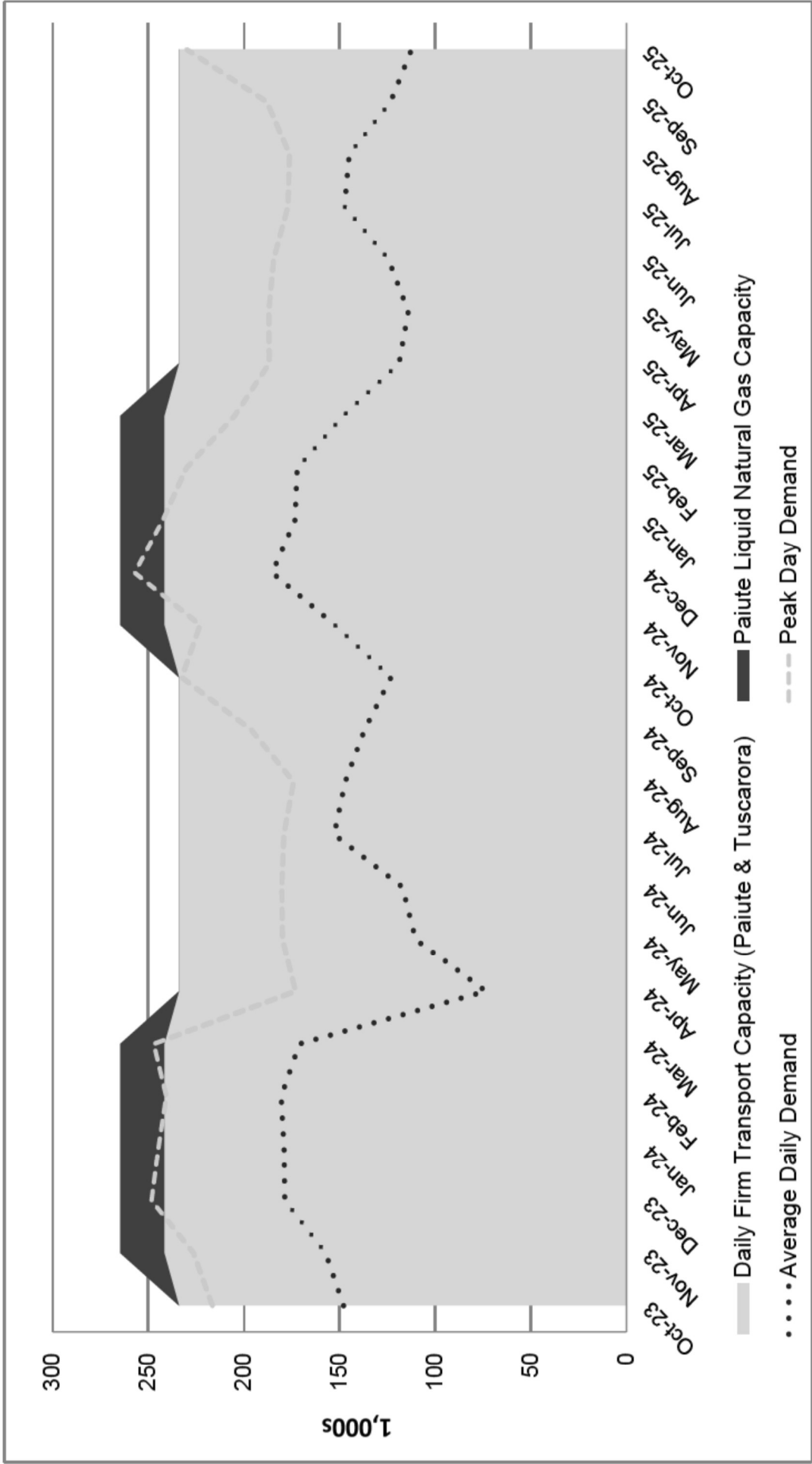
Gas Demand Versus contracted Kern River Transport Capacity (MMBtu)



Note: Based on normal weather

Sierra (electric and gas) Gas Demand Versus Transport Capacity (MMBtu)

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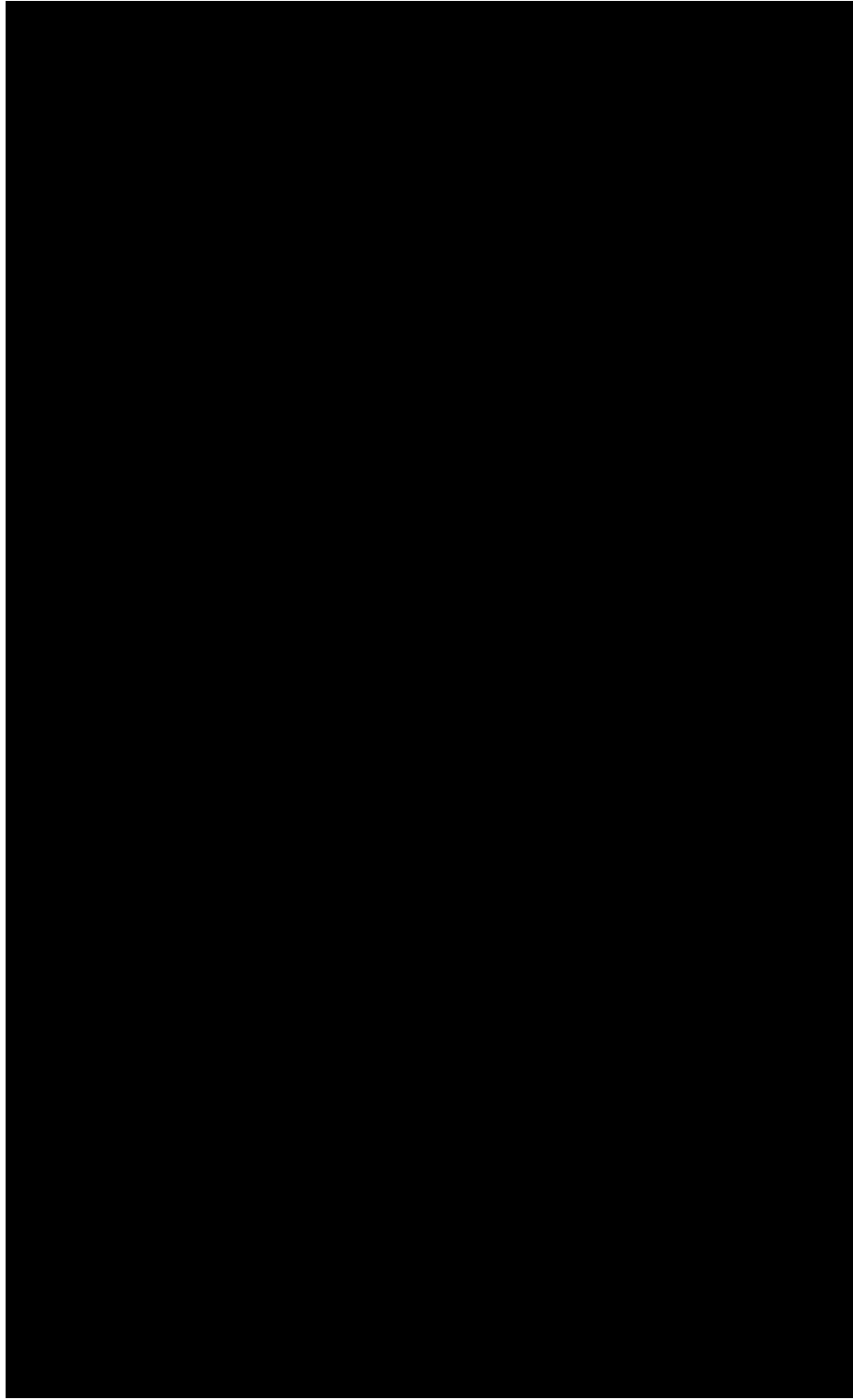


Note: Based on normal weather

Nevada Power Natural Gas Price Forecasts

SoCal Gas Price Forecast (dollars per MMBtu)

— September-23 Forecast -- Approved Aug-23



Delivery Month

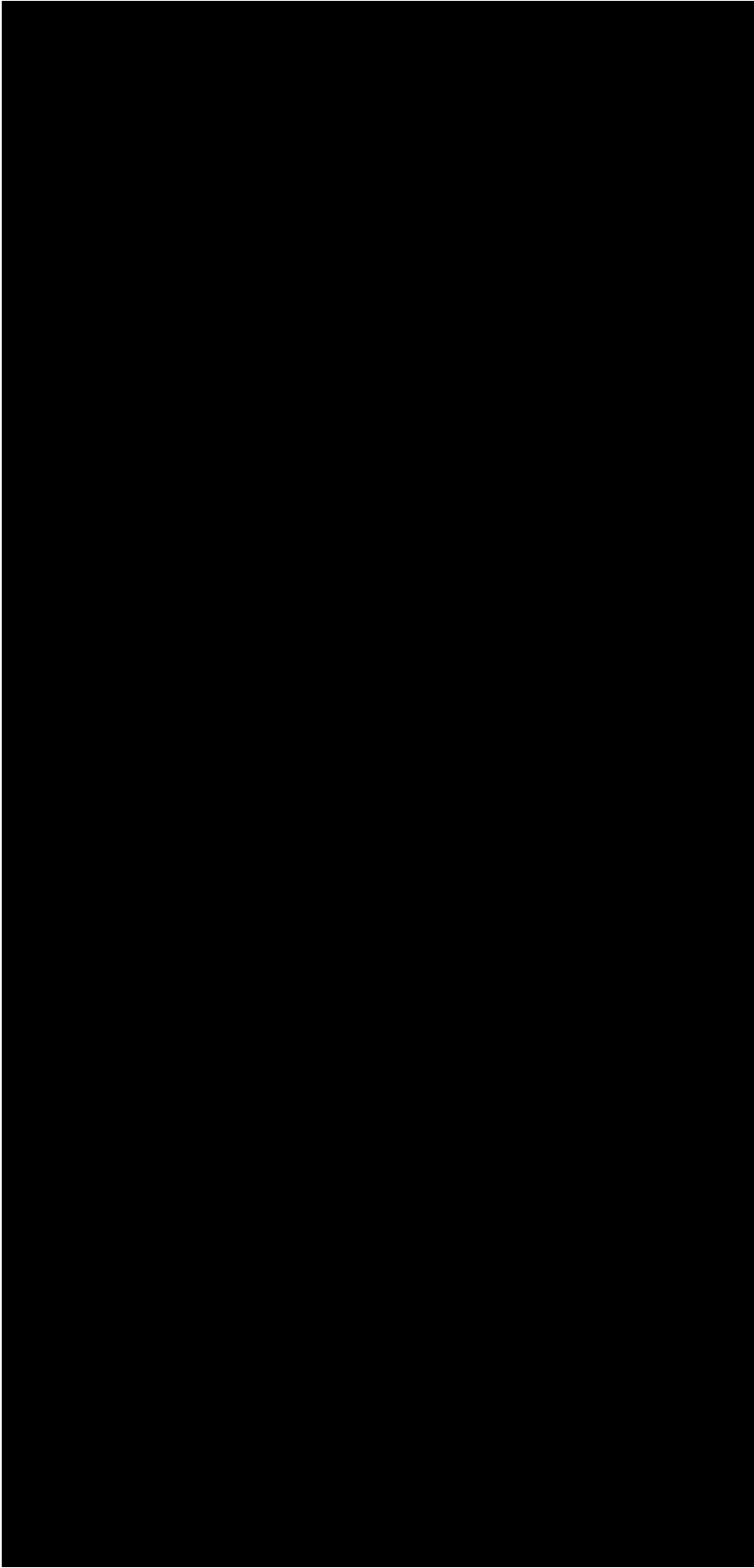
Nevada Power and Sierra Power Price Forecasts

Mead Power Price Forecast (dollars per MWh)

- September 2023 Forecast - On-Peak
- -

Approved (August 2023) - On-Peak
- September 2023 Forecast - Off-Peak
- -

Approved (August 2023) - Off-Peak

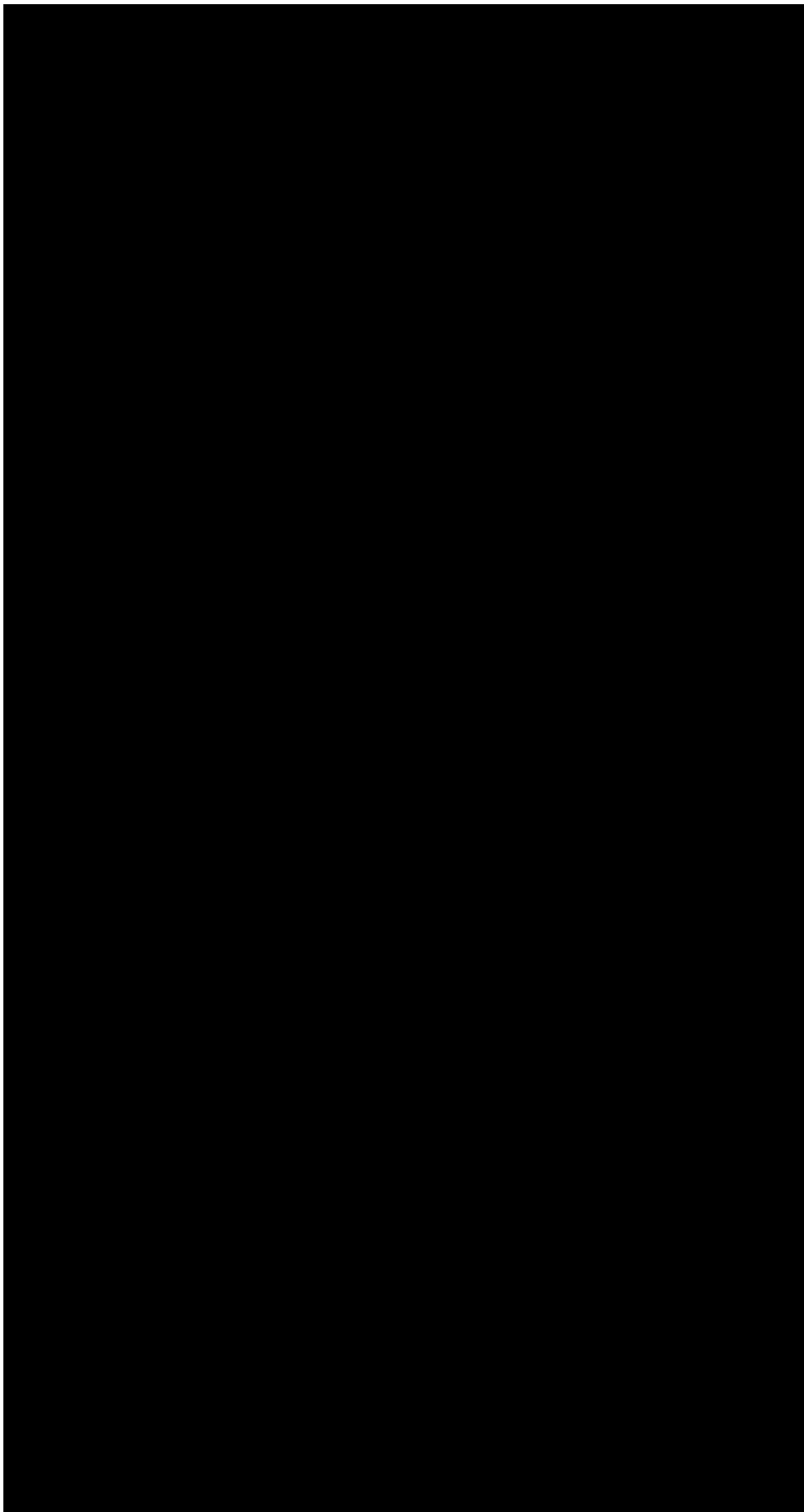


Delivery Month

Sierra Natural Gas Price Forecasts

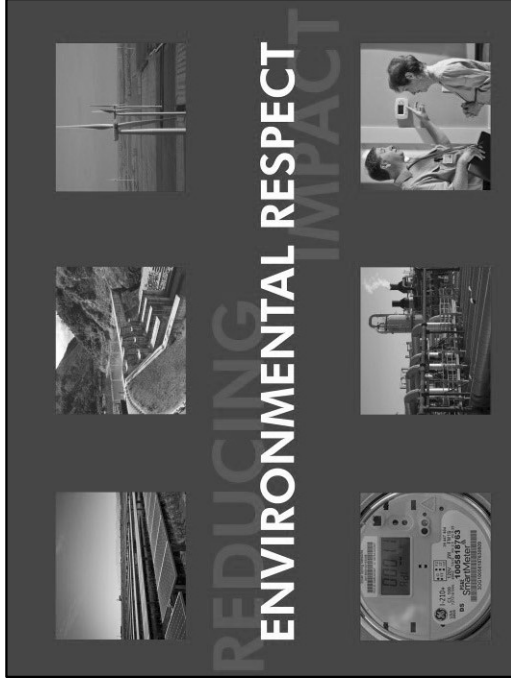
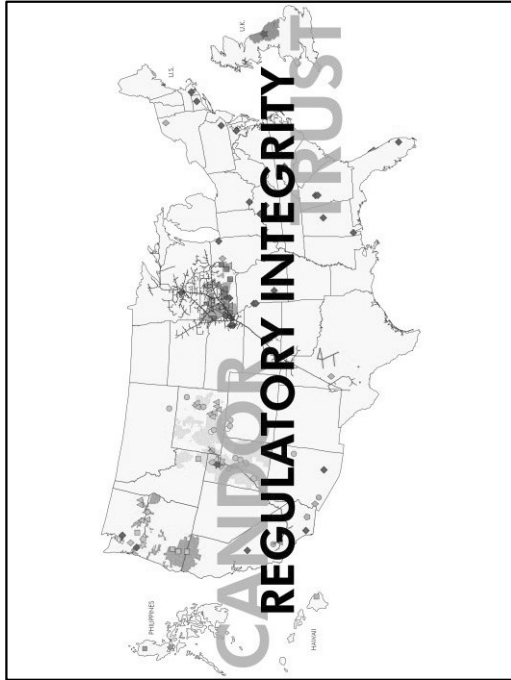
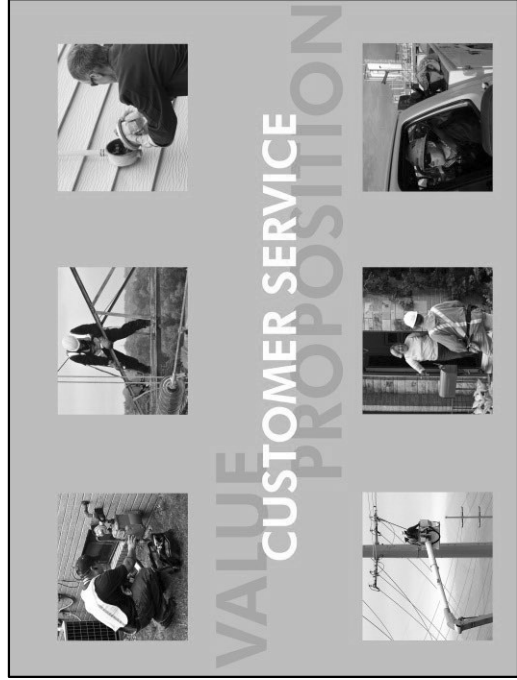
Malin Gas Price Forecast (dollars per MMBtu)

— September-23 Forecast — Approved Aug-23



Delivery Month





Risk Committee

Risk Control Report

Risk Control Report

- Information-only presentation
- Reporting period is for August 2023
- Reporting transaction, portfolio, and credit threshold notifications
- Monitoring the contract values and contract terms for executed transactions
- Monitoring the difference between the base tariff energy rate revenues and expenses

Executive Summary

- **Transaction Approval Notification Thresholds**
 - No exceptions to the transaction notification thresholds¹
- **Portfolio Risk Notification Thresholds**

Mark-to-Base Change Notification Thresholds:

 - All three entities are within the notification threshold

Value-at-Risk (VaR) Notification thresholds:

 - All three entities exceeded the notification threshold
- **Credit Risk Notification Thresholds**
 - No counterparties exceeded their assigned credit limits in August 2023
 - 0% of NV Energy's portfolio with mark-to-market exposure is below investment grade
 - The weighted average credit rating of the portfolio is AAA

¹ – Transactions being reported do not include EIM transactions, only bilateral transactions

Forward Power Sales Compliance

- Risk Control has verified that forward sales activities were in compliance with the forward sales Procedure Manual.

Transaction Notification Thresholds

Contract Value

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$5.0M	Manager Contract Management (Amendments/Settling disputes only)	NV Energy South 1,866-Transactions NV Energy North 197-Transactions Total 2,063-Transactions ¹ Largest transaction \$1.3M Power Deal	●
	≤\$5.0M	Manager, Market Operations and Trading,		
	≤\$12.5M	Vice President, Resource Optimization		
	≤\$12.5M	Vice President, Renewable & Origination		
	≤\$25.0M	Vice President, Chief Financial Officer		
	≤\$50.0M	Chief Executive Officer		
	Unlimited	Chief Executive Officer, Berkshire Hathaway Energy Company		

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$12.5M	Vice President, Resource Optimization		●
	≤\$25M	Vice President, Chief Financial Officer		
	≤\$100M	Chief Executive Officer		

1 – Transactions being reported do not include EIM transactions, only bilateral transactions

Largest transaction –1-day power deal (Pwx) August 9, 2023 – August 9, 2023



Portfolio Notification Thresholds

	Test Period	Notification Threshold (\$m)	Est. BTER Costs (\$m)	Est. BTER Revenue (\$m)	Cumulative Mark-to-Base (\$m)	Status	Previous Month's Cumulative Mark-to-Base (\$m)	Monthly Mark-to-Base Change (\$m)	Status
NV Energy South	Jan 23-Dec 23	0	1,870.5	(1,922.2)	(51.7)	●	(88.3)	36.6	●
NV Energy North	Jan 23-Dec 23	0	499.3	(605.0)	(105.7)	●	(113.6)	7.9	●
NV Energy LDC	Jan 23-Dec 23	0	145.0	(155.4)	(10.4)	●	(10.5)	0.1	●

Revenues estimated using the following projected BTER rates:

Entity	10/1/2023	1/1/2024	4/1/2024	7/1/2024
NVE-S Residential	\$0.09869	\$0.09063	\$0.08946	\$0.07075
NVE-S Non-residential	\$0.09800	\$0.09164	\$0.08950	\$0.06735
NVE-N	\$0.06909	\$0.06383	\$0.05795	\$0.05847
NVE-N LDC	\$0.83721	\$0.80740	\$0.67312	\$0.47319

NPC has a breakout between residential and non-residential because of direct assignment of Hoover costs between the two groups. This results in one BTER/DEAA set of rates for residential and one BTER/DEAA set of rates for non-residential.

SPPC and the LDC do not have any directly assigned resource costs that are broken out between two customer categories. All customers pay the same BTER/DEAA rate.

●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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Portfolio Notification Thresholds

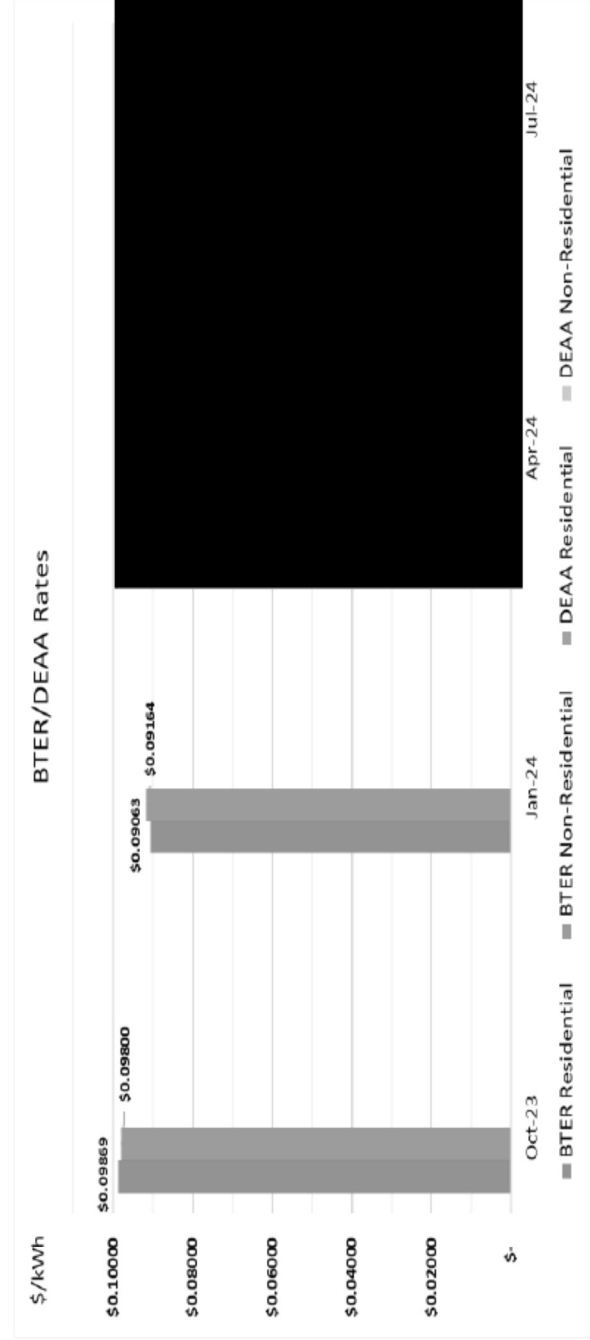
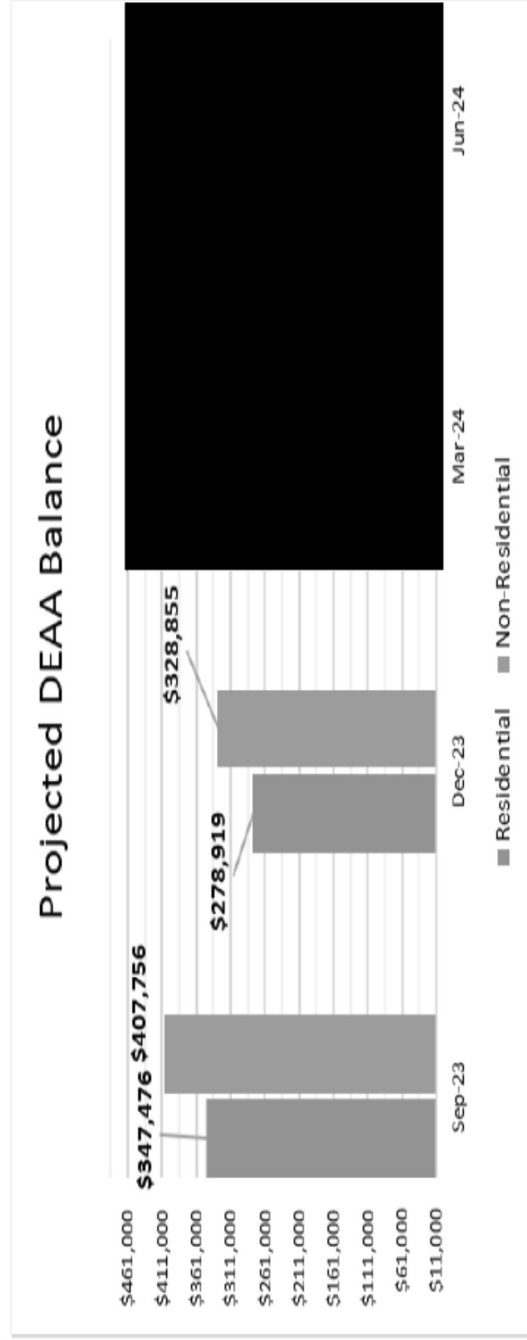
Company	VaR Notification Threshold (\$m)	Est. BTER costs for the Test Period (\$m)	Next 12 months VAR (\$m)	Status
V Energy South	100	1,870.5	151.1	<div></div>
V Energy North	60	499.3	61	<div></div>
V Energy LDC	20	145.0	60.3	<div></div>

<div></div>	Notification Not Required	<div></div>	Near Notification Threshold	<div></div>	Notification Required
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Base Tariff Energy Rates and DEAA Balances – NPC Electric

Privileged and Confidential

REDACTED PUBLIC VERSION

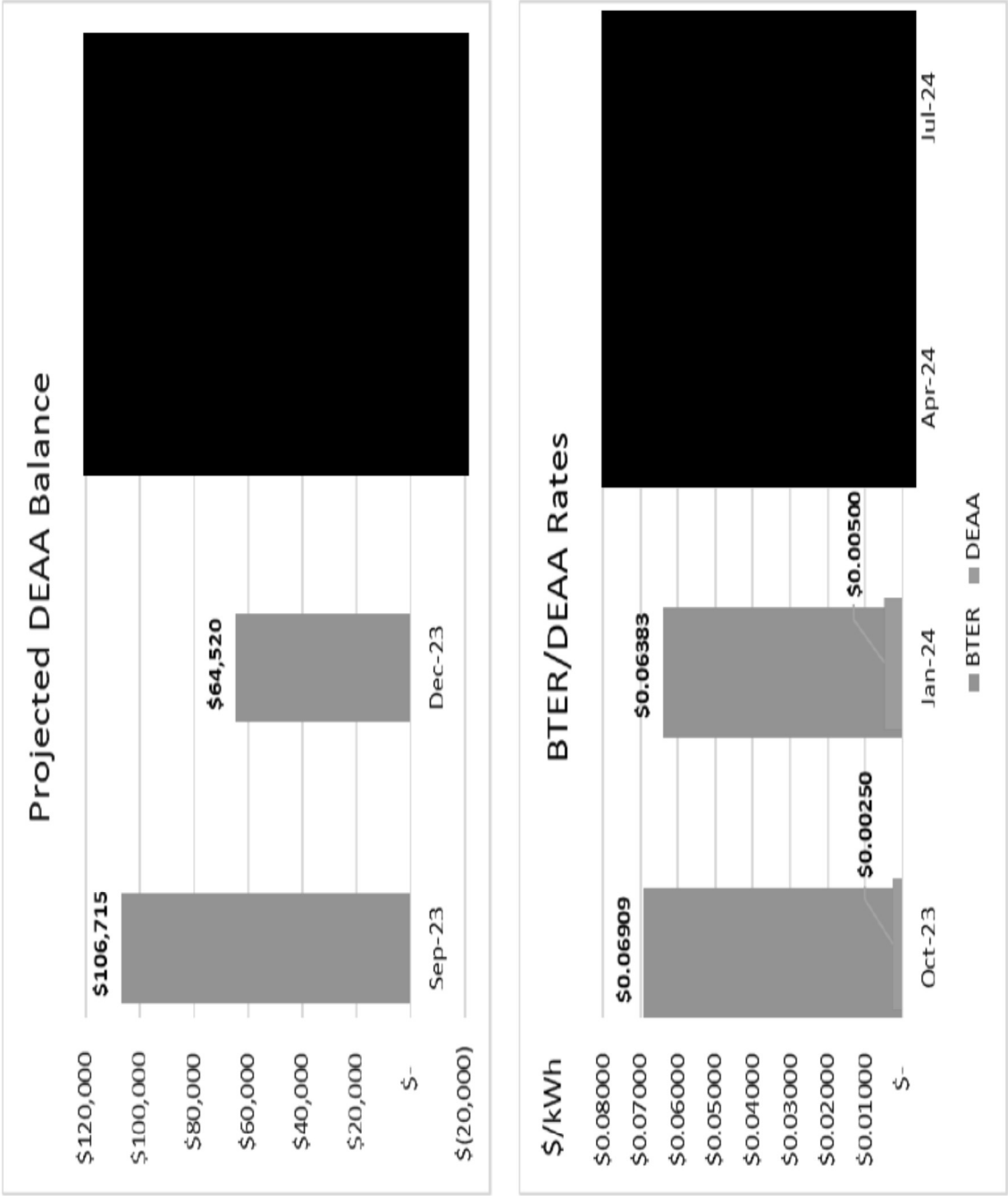


Negative = over collection
Positive = under collection

Base Tariff Energy Rates and DEAA Balances – SPPC Electric

Privileged and Confidential

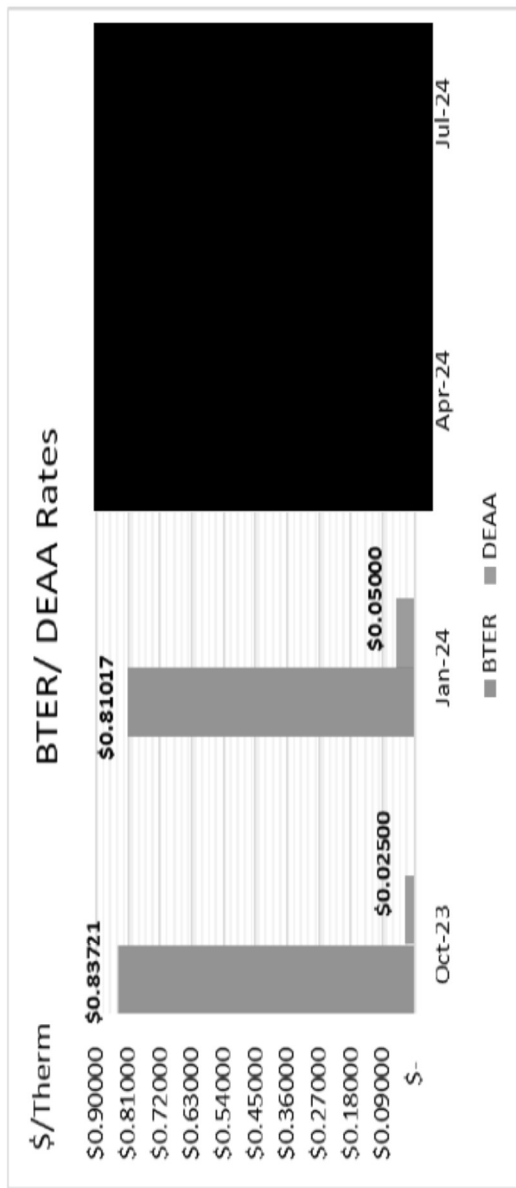
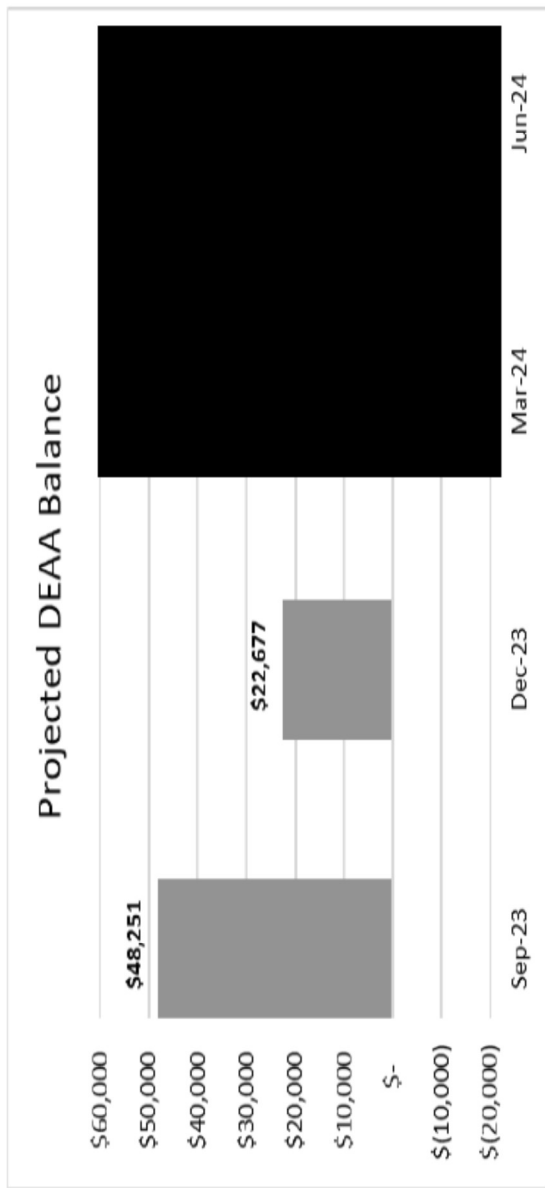
REDACTED PUBLIC VERSION



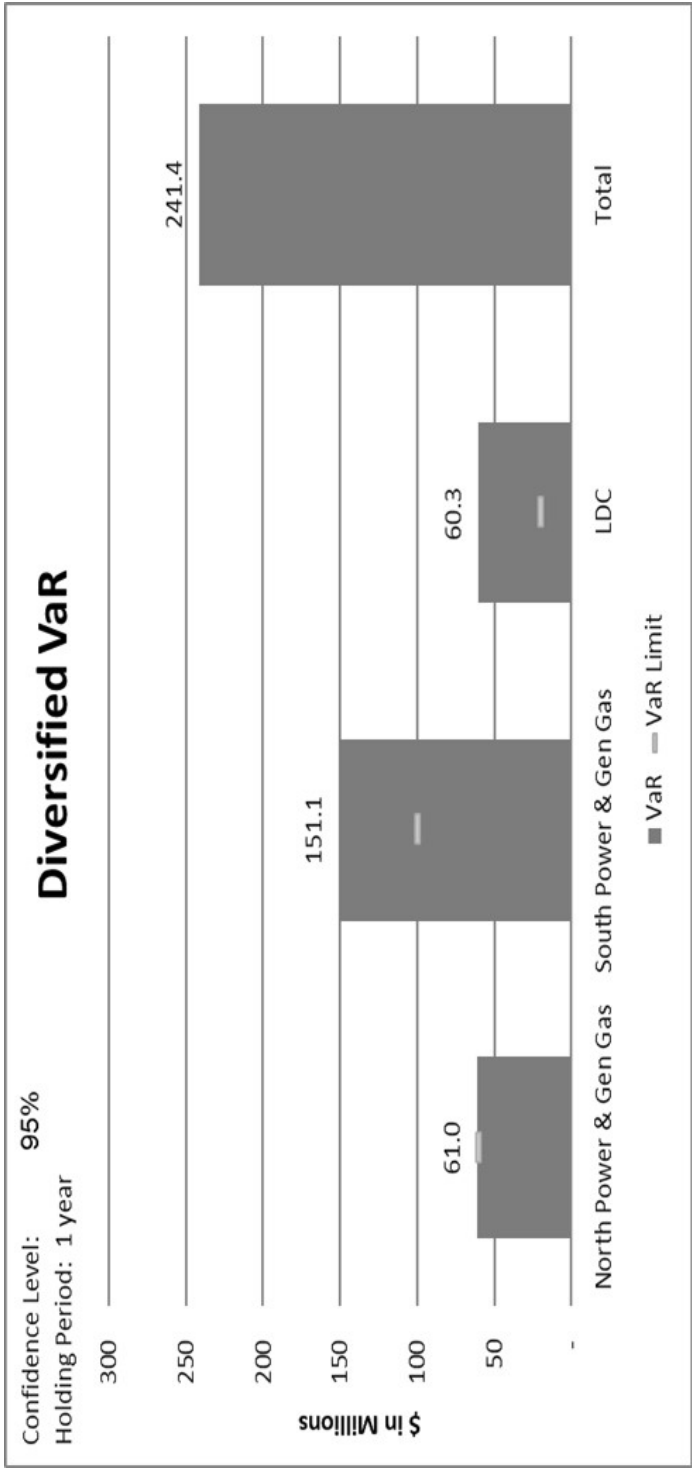
Base Tariff Energy Rates and DEAA Balances – SPPC LDC

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REDACTED PUBLIC VERSION



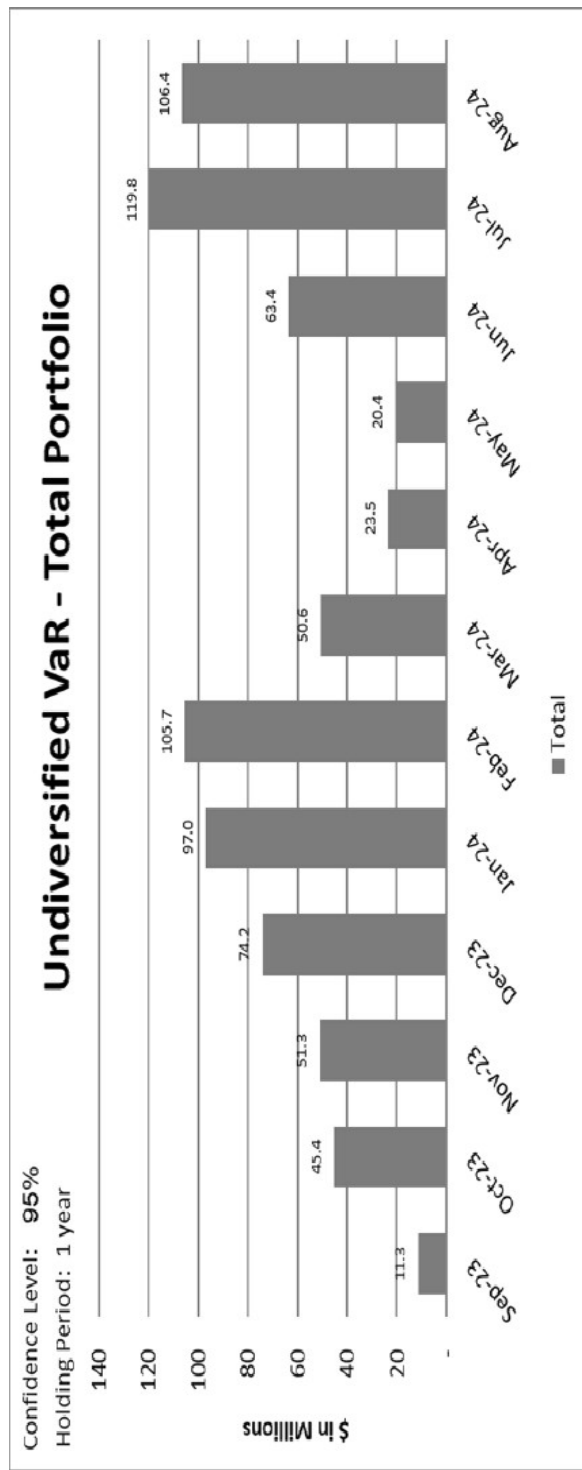
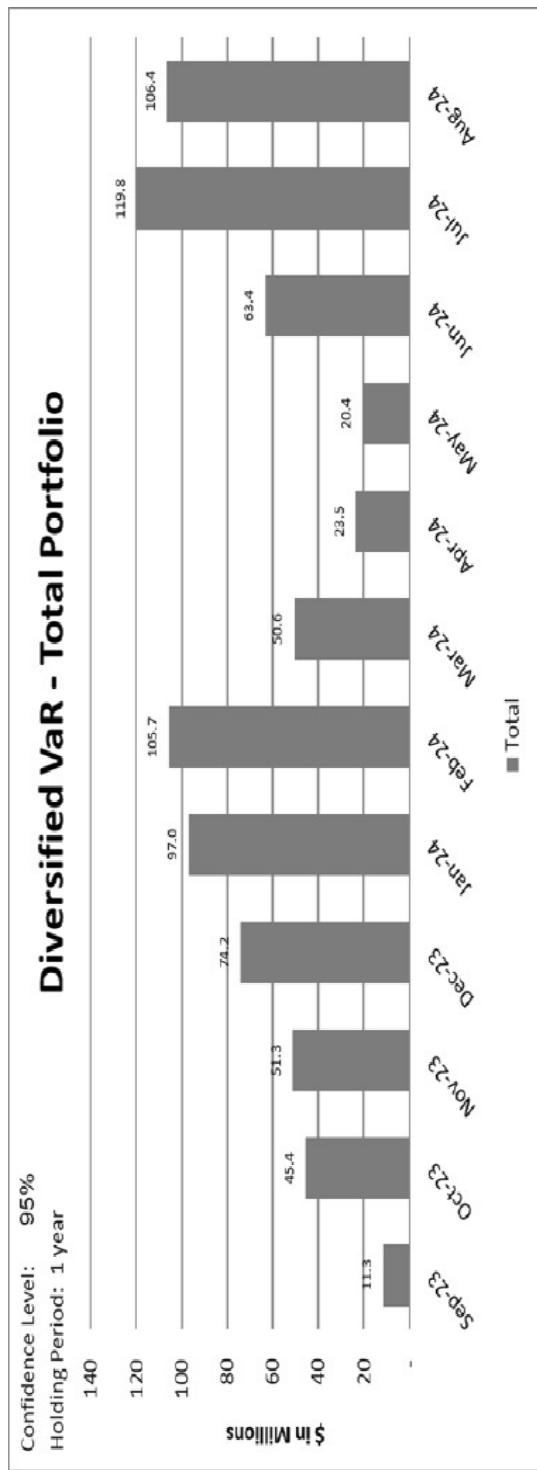
Portfolio Value-at-Risk Charts



Value-at-Risk
(also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)

The expected maximum increase in fuel and wholesale power costs over a target horizon within a given confidence interval and holding period. Value-at-Risk serves as a gauge of market exposure, summarizing the total market risk in a portfolio of assets.

Portfolio Value-at-Risk Charts



Credit Notification Thresholds

Portfolio Below Investment Grade Notification Threshold*

Company	Actuals	Notification Threshold	Status
NV Energy	0% of NV Energy's portfolio with MTM exposure is below sub-investment grade.	40%—interim notification threshold and an actual MTM exposure threshold of \$10.0M	●

Portfolio Weighted Average Credit Rating*

Company	Actuals	Notification Threshold	Status
NV Energy	The weighted average rating for the month of August "AAA"	BBB- or above—interim notification threshold <u>and</u> an actual MTM exposure threshold of \$10.0M	●

●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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* Excludes counterparties associated with long-term gas tolling agreements and qualifying facility agreements.

Credit Notification Thresholds

Counterparty Notification Threshold for Ongoing Transactions*

Company	Actuals	Notification Threshold		Status
NV Energy	No counterparties exceeded their assigned credit limits in August	AAA to AA-	\$20.0M	●
		A+ to A-	\$15.0M	
		BBB+ to BBB-	\$10.0M	
		BB+	\$6.0M	
		Less than BB+	\$0	

* Excludes counter-parties associated with long term gas tolling agreements and qualifying facility agreements.

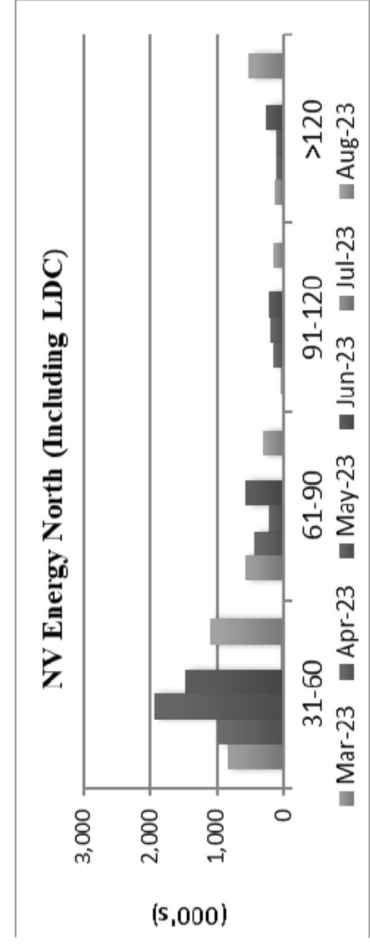
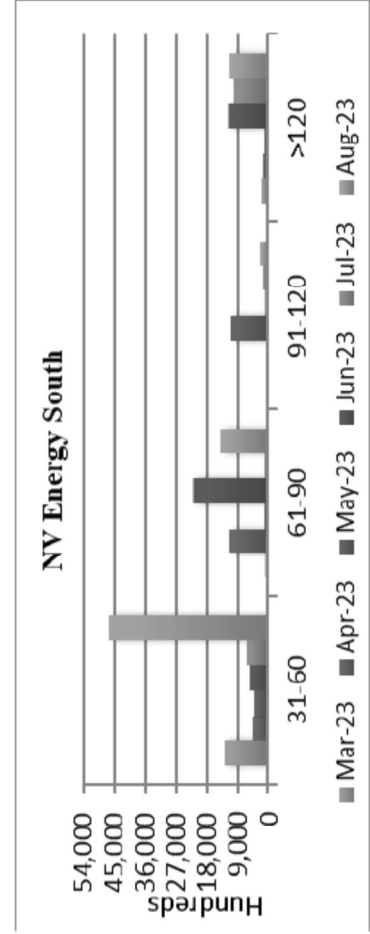
Counterparty Notification Threshold for Large Transactions

Company	Actuals	Notification Threshold		Status
NV Energy	No transactions >\$6.0M were executed during the month.	AAA to AA-	\$20.0M	●
		A+ to A-	\$15.0M	
		BBB+ to BBB-	\$10.0M	
		BB+	\$6.0M	
		Less than BB+	\$0	

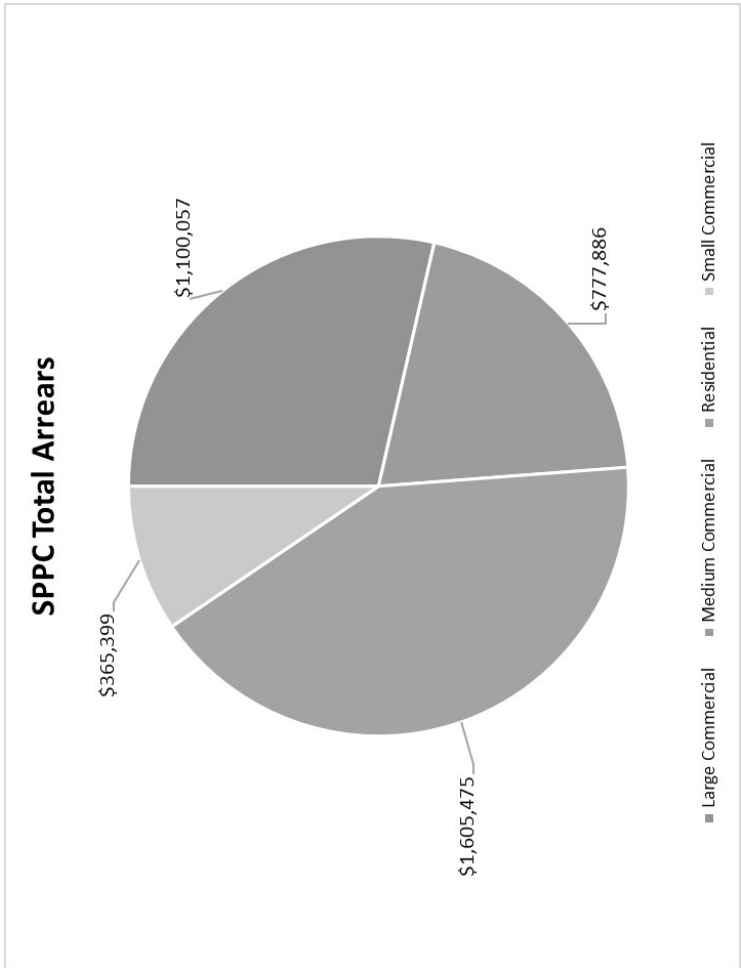
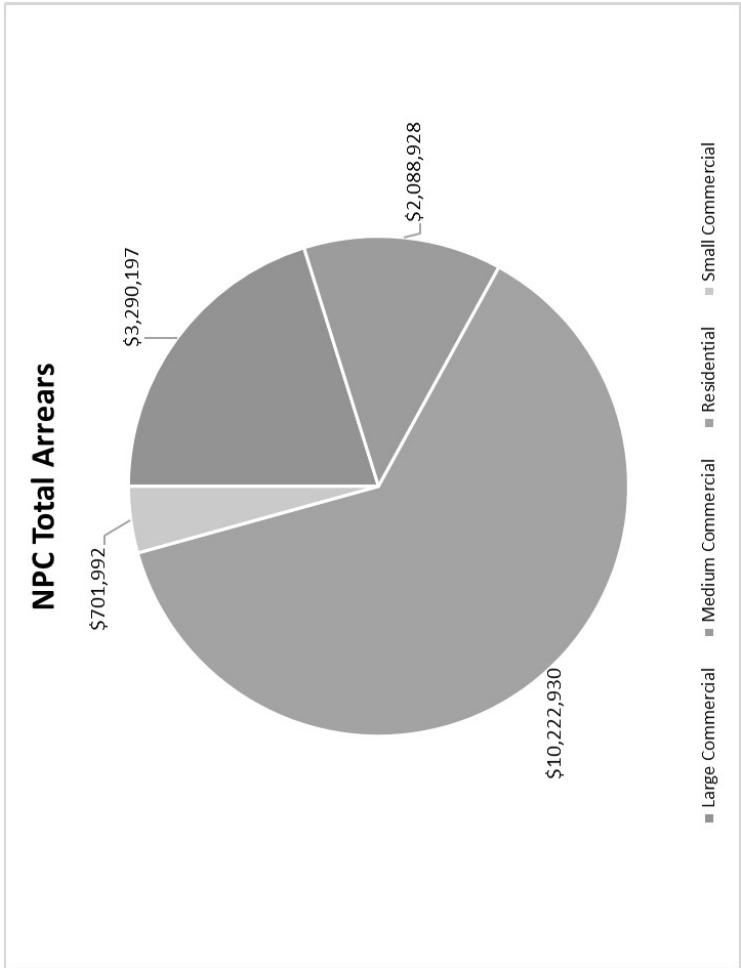
●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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Medium-Large Major Commercial Customers Arrears Balance

Company	Month	Arrears Balance (SK)	Total Monthly Current Receivables for the Past 12 Months (SK)	Percent in Arrears	Largest Arrears Balance of a Single Customer (SK)
NVE-S	Feb-23	1649.9	280,906.3	0.587%	1168.5
	Mar-23	1788.9	287,966.5	0.621%	1115.0
	Apr-23	1805.8	288,659.6	0.626%	1078.8
	Jun-23	4040.1	293,350.8	1.377%	1375.3
	Jul-23	1943.3	303,173.3	0.641%	1163.6
	Aug-23	7447.5	312,948.6	2.380%	3402.0
NVE-N	Feb-23	1584.4	68,225.1	2.322%	417.8
	Mar-23	1674.6	66,134.6	2.532%	417.0
	Apr-23	2452.8	73,763.2	3.325%	583.9
	Jun-23	2509.2	82,652.8	3.036%	621.6
	Jul-23	43.2	82,761.2	0.052%	22.0
	Aug-23	2071.7	79,681.0	2.600%	1334.4



Medium-Large Major Commercial and Residential Arrears Balance



Data from Banner – Run date 8/31/23



Recommendations and Corrective Action

- No corrective action is necessary at this time

OCTOBER

Risk Committee
Wednesday, October 18, 2023
8:00 a.m. - 9:30 a.m.

Locations
Las Vegas: Red Rock
Conference Room
Reno: Virginia

[Click here to join the meeting](#)

Microsoft Team Meeting (702-870-3481/Access code: 3632412#)

DEAA Compliance Portion						
	Min	Start	End	Subject	Action	Presenter
1	0:10	8:00	8:10	Introduction and approval of Risk Committee Meeting Minutes for September 20, 2023	Approval	Adrian Cacuci
2	0:20	8:10	8:30	Energy Supply Plan Update	Approval	Dave Maher
3	0:30	8:30	9:00	2024 IRP Load Forecast Update	Approval	Tim Pollard

**Risk Committee Meeting
Wednesday, October 18, 2023
8:00 a.m. – 9:30 a.m.**

Voting Members in Attendance:

Brandon Barkhuff, Senior Vice President, General Counsel, Corporate Secretary & Chief Compliance Officer
Michael Behrens, Vice President, Chief Financial Officer
Matthew Johns, Vice President, Environmental Services & Land Management
Marie Steele, Vice President, Integrated Energy Services
Antoine Tilmon, Vice President, Customer Operations
Jimmy Daghlain, Vice President, Renewables
Jason Hammons, Vice President, Generations
Janet Wells, Vice President, Regulatory
Adrian Cacuci, Treasurer
Kimberly Williams, Director, Resource Planning & Analysis

Members not in attendance: Joshua Langdon, Jesse Murray, Zeina Randall, Ryan Atkins

(Attendance constitutes a quorum)

Others Present: Michael Greene, Brenda Compton, Tim Pollard, Rob Kocour
Cary Shelton-Patchel, Ryan Tardy, Dave Maher, Jenny Venter,
Michael McClellan

Presenters: Dave Maher (Item 2), Tim Pollard (Item 3)

Recorder: Richard Kirkendoll, Risk Control

Item 1 Risk Committee September 20, 2023, meeting minutes

Attachments: September 20, 2023, Risk Committee Meeting Minutes

Overview: Review the Risk Committee meeting minutes from the September 20, 2023

Discussion: The Committee reviewed and discussed the meeting minutes for September 20, 2023

Voting Results: Motion: Michael Behrens
Second: Marie Steele
Motion Approved Unanimously

Item 2 Energy Supply Plan Update and Natural Hedging Strategy

Attachments: Monthly Energy Supply Plan Update – Presentation

Overview: Review of the energy supply forecasts and procurements, as well as capacity positions, coal procurement and load forecasts. Recommending no changes to

the approved physical gas volumes for both NV Energy North and South and recommending to change the 2024 and 2025 open capacity positions.

Discussion: The Committee discussed the physical gas volumes as presented and were informed that the open capacity was reduced to 458 MW (reduced from 933 MW) for summer 2024 due to contracts that were signed for the power RFP earlier in the month. The Company was able to procure prices that were reasonable and recognized prices were fairly flat, which were in-line to what has been purchased in the past term positions, there is still an open position of up to 1,245 MW for summer 2025. It was also noted that the Committee would revisit the open position next month once the new load forecast has been approved. The coal inventory for the last four months has 130,000 tons of coal which equates to 43 days of inventory.

Committee Action: The Committee approved the recommended approval of no changes to the approved physical gas changes for NV Energy North and South

Voting Results: Motion: Brandon Barkhuff
Second: Michael Behrens
Motion Approved Unanimously

Committee Action: The Committee approved the recommendation of reduction to the 2024-2025 open capacity position, subject to future review of the load forecast.

Voting Results: Motion: Jesse Murray
Second: Brandon Barkhuff
Motion Approved Unanimously

Item 3 2024 IRP Load Forecast Update

Attachments: 2024 IRP Load Forecast Update - Presentation

Overview: Review of the updated load forecast for use in the fifth amendment to the 2024 Integrated Resource Plan.

Discussion: The Committee was informed of the increase in peak loads of 495, 130, 351 MW's in 2024, 2025, and 2026 respectively, with an increase of 3,331 MW's by 2033. Increase in sales of 826, 1,086, 1,422 GWh in 2024, 2025, and 2026 respectively, with an increase of 17,926 GWh by 2033. The forecast included modeling updates specified in the third amendments stipulation in response to feedback from Staff and BCP. General updates included planned expansion and incremental major projects addition to industrial loads both North and South. There was an updated EV adoption forecast and updates to DSM/DR energy efficiency information. A refinement to weather normalization approach was included as well.

There were a few comparisons in relation to this current load forecast as to what was presented previously. The forecast was adjusted to the 2024 Business Plan, the comparison for this presentation was what the Committee had most recently reviewed and approved in the February and what the Commission currently have. The fundamental building of the forecast of today's forecast is

the same as in the February approved forecast, but it should also be noted that the February forecast was the first time that the Company incorporated the significant large customer Rule 9 agreements and studies that had been requested.

The major projects included in the load forecast are the bundle service data centers which account for 67% of the included MW's addition and the DAS data center loads are 11% of the addition, but are not included in the forecast. The majority of the loads are what the customers have signed in the Rule 9 agreements. There was discussion among the Committee regarding the amount of load being considered in this particular load forecast and are further conversations required to ensure everyone is comfortable with the amount of load being added.

Major projects provide significant system growth in both peak and energy requirements, such as 2,065 MW's growth by 2023 and 13,975 GWh sales by 2033. The forecast also includes key drivers (NEM, EV, DER) for approval in the Integrated Resource Plan filing.

Committee Action: This presentation was up for approval, but after further discussion the Committee decided to table the approval of the load forecast so that questions and narratives within the presentation were addressed and once those were answered an email vote on the forecasted would be routed to the Committee for approval.

Voting Results: Motion: Brandon Barkhuff
Second: Janet Wells
Motion Approved Unanimously











EMPLOYEE COMMITMENT





CUSTOMER SERVICE









OPERATIONAL EXCELLENCE










REGULATORY INTEGRITY

ENVIRONMENTAL RESPECT

BERKSHIRE
FINANCIAL STRENGTH
OWNERSHIP

Risk Committee

Monthly Energy Supply Plan Update/Resource Planning and Analysis

October 18, 2023

Privileged and Confidential

Recommendations

1. Recommend no changes to the approved physical gas volumes for both NV Energy North and South (as shown on slides 10 and 11, highlighted in yellow) as the targets for the procurement of gas for the four-season ahead laddering strategy:

- Volumes were last approved by the Risk Committee in August 2023
- Material variances between procured and projected volumes during the current season will be resolved either through the daily market or during bid week
- The next natural gas request for proposal is first quarter of 2024, with the recommendation for new target volumes to be presented to the Risk Committee

Recommendations

2. Recommend change (reduction) to the 2024 and 2025 open capacity positions as shown on slide 6

- a) Slide 6 reflects all firm market power purchases transacted as of October 10, 2023.

2024	June	July	August	September
RFP	725 MW	550 MW	550 MW	0 MW
Powerex	168 MW	168 MW	168 MW	168 MW
Total	893 MW	718 MW	718 MW	168 MW

2025	June	July	August	September
RFP	200 MW	100 MW	100 MW	100 MW

- b) Slide 6 reflects the Unit Characteristics Table (starts-cost based) updated on May 19, 2023
- c) Slide 6 reflects the inclusion of Chukar 1, North Valley Geo, Brunswick diesel, Reid Gardner BESS, Silverhawk peaking units and the extension of NCA 1 (summer 2024).
- d) Slide 6 reflects Tracy 3 outage in September due to environmental restrictions.
- e) Slide 6 reflects a 16% Planning Reserve Margin ("PRM") and 90 MW OATT reserve.
- f) Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III.
- g) Slide 6 reflects the following assumptions for Valmy 1 and 2:
- Valmy 1 is only available for July and August through 12/31/2025, except that it will be must run for reliability reasons.
 - Valmy 2 on RMR (reliability must run) status through 12/31/2025.
 - Valmy 1 minimum is lowered to 42.5 MW and Valmy 2 minimum is lowered to 45 MW for coal conservation.
 - Valmy units are both restricted to minimum capacity except for emergency, due to coal conservation.

Topics/Issues

1. Physical Gas Procurement

- Sierra (electric and gas) and Nevada Power employ a four-season laddering strategy for physical gas purchases through which 25% of projected monthly gas requirements per season are procured, as approved by the Public Utilities Commission of Nevada in Docket No. 09-09001
- Four-season projected physical gas requirements, subject to approval by the Risk Committee, are the basis for gas purchases and serve as the approved procurement volumes
- Physical gas transactions through the Summer 2025 season are at the targeted procurement levels per the four-season laddering strategy, e.g., 100% for the current season

2. Power Procurement

- Sierra (electric) and Nevada Power employ a four-season laddering strategy to close up to the largest open power position, as approved by the Public Utilities Commission of Nevada in Docket No. 21-06001.
- Four-season projected open power requirements, subject to approval by the Risk Committee, are the basis for power purchases and serve as the approved procurement volumes.

Topics/Issues

3. Summer Peak Hour Capacity Positions for 2024 and 2025 (Table on slide 6)

- The table shows 458 MW open position for summer 2024.
- The table shows up to 1,245 MW open position for summer 2025

4. Coal Procurement and Strategy

- Projected coal burns for Sierra (electric) are continually monitored; additional coal, if needed, will be procured on the spot market
- NV Energy aims to maintain 30 burn days of coal, or 78,000 tons, which would allow both Valmy units (NVE share only) to run at minimum load per month

2024-2025 Load and Resource Table Summary

NV Energy

(Normal weather forecasted monthly hourly peak)

	Jun-24	Jul-24	Aug-24	Sep-24	Jun-25	Jul-25	Aug-25	Sep-25
Net Peak Forecast-NPC	5,734	5,832	5,976	5,330	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	956	853	929	955	973	874
Reserves (16%)SPPC	286	298	311	258	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	8,806	9,079	9,120	8,421
					0	0	0	0
Available NPC	6,413	6,727	6,835	6,325	6,273	6,188	6,293	6,207
Available SPPC	1,856	1,810	1,939	1,578	1,673	1,646	1,673	1,551
Available NVE	8,269	8,537	8,773	7,902	7,946	7,834	7,967	7,758
					0	0	0	0
Long/(Open) - NPC	(238)	(38)	(97)	141	(464)	(735)	(759)	(127)
Long/(Open) - SPPC	(220)	(351)	(315)	(292)	(396)	(510)	(395)	(536)
Long/(Open) - NVE	(458)	(389)	(413)	(150)	(860)	(1,245)	(1,154)	(664)

Additional Term Purchases	475	300	300	0	200	100	100	100
September Open Positions	(933)	(689)	(713)	(150)	(1,060)	(1,345)	(1,254)	(764)
October Open Positions	(458)	(389)	(413)	(150)	(860)	(1,245)	(1,154)	(664)

Additional Term Purchases	200	100	100	100	100	100	100	100
September Open Positions	(1,060)	(1,345)	(1,254)	(764)	(1,060)	(1,345)	(1,254)	(764)
October Open Positions	(860)	(1,245)	(1,154)	(664)	(860)	(1,245)	(1,154)	(664)



Topics/Issues

5. Load Forecasts

- The load forecasts for Nevada Power and Sierra (electric) are both based on the 2022 3rd IRPA Load Forecasts approved on May 18, 2022. It included the stipulated load forecasts filed in September 2022, Docket 22-09006.
- Sierra (gas) is updated to the 2023-2024 ESP Load Forecast

6. Natural Gas Procurement

- For the current gas season, November 2023 thru March 2024, Nevada Power is within the targeted bandwidths, and Sierra (gas) is within the targeted bandwidths except for February 2024.

Nevada Power

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

Remarks		
Load Forecast	2023 3rd IRPA Forecast	
Gas Price Forecast (SoCal)	Winter 2023 - 2024 Summer 2024 Winter 2024 - 2025 Summer 2025	Change In Prices Since Gas Volumes Were Approved in August 2023 -2% -1% 1% 0%
Power Price Forecast (Mead)	Winter 2023 - 2024 Summer 2024 Winter 2024 - 2025 Summer 2025	Change In Prices From Prior Month -6% -1% -1% 0%
Plant Maintenance / Outages	Updated as of the end of September 2023	-4% -5% -2% -5%

Forecast Results		
Natural Gas Burns	Winter 2023 - 2024 Summer 2024 Winter 2024 - 2025 Summer 2025	Change In Volumes Since Approved in August 2023 -5% -8% -5% -9%
		Change In Volumes From Prior Month -6% -9% -5% -9%

Sierra

Updates to Forecasts and Procurement

Summary of Major Changes (Last Approved Forecast vs. Current Forecast)

		Remarks
Electric Load Forecast	2023 3rd IRPA Forecast	
Gas Forecast (Sendout)	2023-2024 Energy Supply Plan Load Forecast	
	Change In Prices Since Gas Volumes Were Approved in August 2023	Change In Prices From Prior Month
Gas Price Forecast (Malin)	Winter 2023 - 2024	-6%
	Summer 2024	-2%
	Winter 2024 - 2025	1%
	Summer 2025	0%
Plant Maintenance / Outages	Updated as of the end of September 2023	

Forecast Results		Change In Volumes Since Approved in August 2023	Change In Volumes From Prior Month
Natural Gas Burns	Winter 2023 - 2024	5%	6%
	Summer 2024	7%	9%
	Winter 2024 - 2025	1%	0%
	Summer 2025	4%	5%

Nevada Power

Daily Physical Gas Requirements

(MMBtu/day)

Privileged and Confidential

2023

1 Approved (Rounded to thousands)
2 Risk Committee Approval Date
3 Current Procured Volumes
4 Current Target Procurement Level
5 Current Projection (October 2023 Risk Run)
6
7 Variance (Approved - Current Projection)
8

2024

10 Approved (Rounded to thousands)
11 Risk Committee Approval Date
12 Current Procured Volumes
13 Current Target Procurement Level
14 Current Projection (October 2023 Risk Run)
15
16 Variance (Approved - Current Projection)
17

2025

19 Approved (Rounded to thousands)
20 Risk Committee Approval Date
21 Current Procured Volumes
22 Current Target Procurement Level
23 Current Projection (October 2023 Risk Run)
24
25 Variance (Approved - Current Projection)
26
27

Variances outside the acceptable bandwidth of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
359,000 Aug 2023	304,000 Aug 2023	271,000 Aug 2023	328,000 Aug 2023	311,000 Aug 2023	342,000 Aug 2023	500,000 Aug 2023	455,000 Aug 2023	397,000 Aug 2023	318,000 Aug 2023	286,000 Aug 2023	343,000 Aug 2023
359,000 100%	304,000 100%	271,000 100%	246,000 75%	233,000 75%	256,000 75%	375,000 75%	341,000 75%	297,500 75%	238,000 75%	142,500 50%	171,000 50%
337,614	281,895	248,065	301,170	286,690	314,016	463,391	419,769	357,554	287,887	271,687	333,563
21,386	22,105	22,935	26,830	24,310	27,984	36,609	35,231	39,446	30,113	14,313	9,437
324,000 Aug 2023	283,000 Aug 2023	241,000 Aug 2023	228,000 Aug 2023	306,000 Aug 2023	406,000 Aug 2023	513,000 Aug 2023	479,000 Aug 2023	380,000 Aug 2023	329,000 Aug 2023		
161,500 50%	141,500 50%	120,500 50%	56,500 25%	76,000 25%	101,500 25%	128,000 25%	119,500 25%	95,000 25%	82,000 25%		
320,773	265,249	207,807	199,382	273,710	368,277	473,591	434,619	340,869	305,986		
3,227	17,751	33,193	28,618	32,290	37,723	39,409	44,381	39,131	23,014		

Daily Physical Gas Requirements

(MMBtu/day – includes electric and gas)

2023

1 Approved (Rounded to thousands)
 2 Risk Committee Approval Date
 3 Current Procured Volumes
 4 Current Target Procurement Level
 5 Current Projection (October 2023 Risk Run)

6 Variance (Approved – Current Projection)

2024

10 Approved (Rounded to thousands)
 11 Risk Committee Approval Date
 12 Current Procured Volumes
 13 Current Target Procurement Level
 14 Current Projection (October 2023 Risk Run)

15 Variance (Approved – Current Projection)

2025

19 Approved (Rounded to thousands)
 20 Risk Committee Approval Date
 21 Current Procured Volumes
 22 Current Target Procurement Level
 23 Current Projection (October 2023 Risk Run)

24 Variance (Approved – Current Projection)

25 Variances outside the acceptable bandwidth of 15,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through the daily market or during bid week

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
179,000	180,000	171,000	73,000	110,000	117,000	153,000	147,000	137,000	123,000	152,000	179,000
Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023
178,500	180,000	170,500	63,000	82,500	87,500	114,500	110,000	102,500	92,000	76,000	178,500
100%	100%	100%	75%	75%	75%	75%	75%	75%	75%	50%	100%
187,990	195,555	176,937	88,678	114,946	124,124	158,745	156,354	145,058	130,781	155,115	182,451
(8,990)	(15,555)	(5,937)	(15,678)	(4,946)	(7,124)	(5,745)	(9,354)	(8,058)	(7,781)	(3,115)	(3,451)
173,000	172,000	148,000	119,000	114,000	125,000	147,000	145,000	123,000	112,000		
Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023		
86,500	86,000	73,500	29,500	28,500	31,000	36,500	36,000	30,500	28,000		
50%	50%	50%	25%	25%	25%	25%	25%	25%	25%		
167,080	176,777	152,299	122,638	119,357	119,132	153,364	156,306	137,902	107,592		
5,920	(4,777)	(4,299)	(3,638)	(5,357)	5,868	(6,364)	(11,306)	(14,902)	4,408		

Coal Inventory

Proactive actions taken regarding coal supply

- Second train contracted for 2023 to help with deliveries
- Diversified supply by contracting with three different mines
- Weekly calls with Union Pacific to ensure train/crew schedules are on track

Month	End of Month Inventory Level (Tons), Including Trains in Transit	Estimated Burn Days
Valmy (Sierra Pacific Power Company Share Only)		
Sep 2023	129,236	43 days as of September 30, 2023 (Assumes daily burn of 3,000 tons(1))
Aug 2023	106,423	
Jul 2023	129,043	
Jun 2023	179,924	

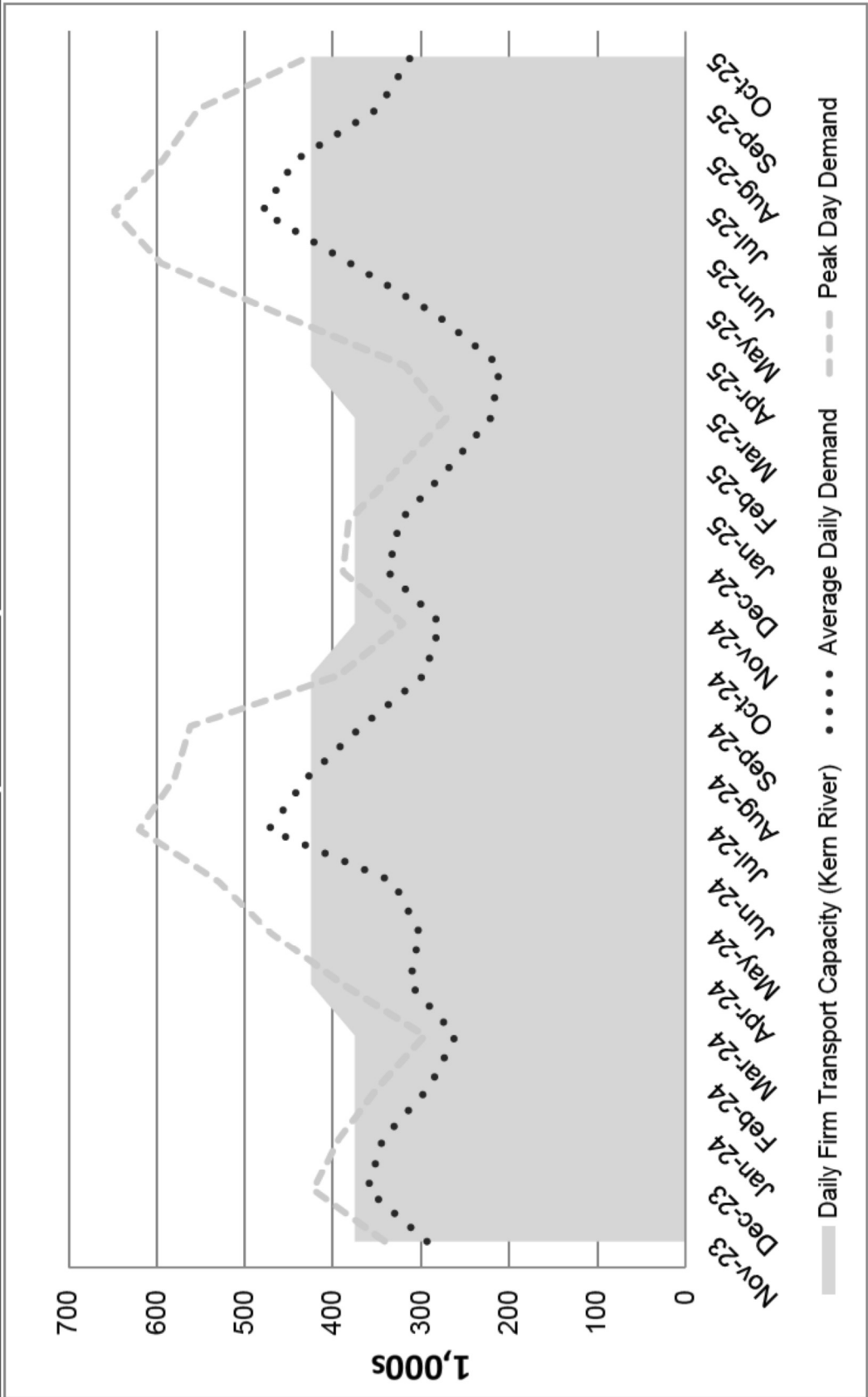
(1) Burn days for each plant are based on 90% capacity burn

Technical Appendix



Nevada Power

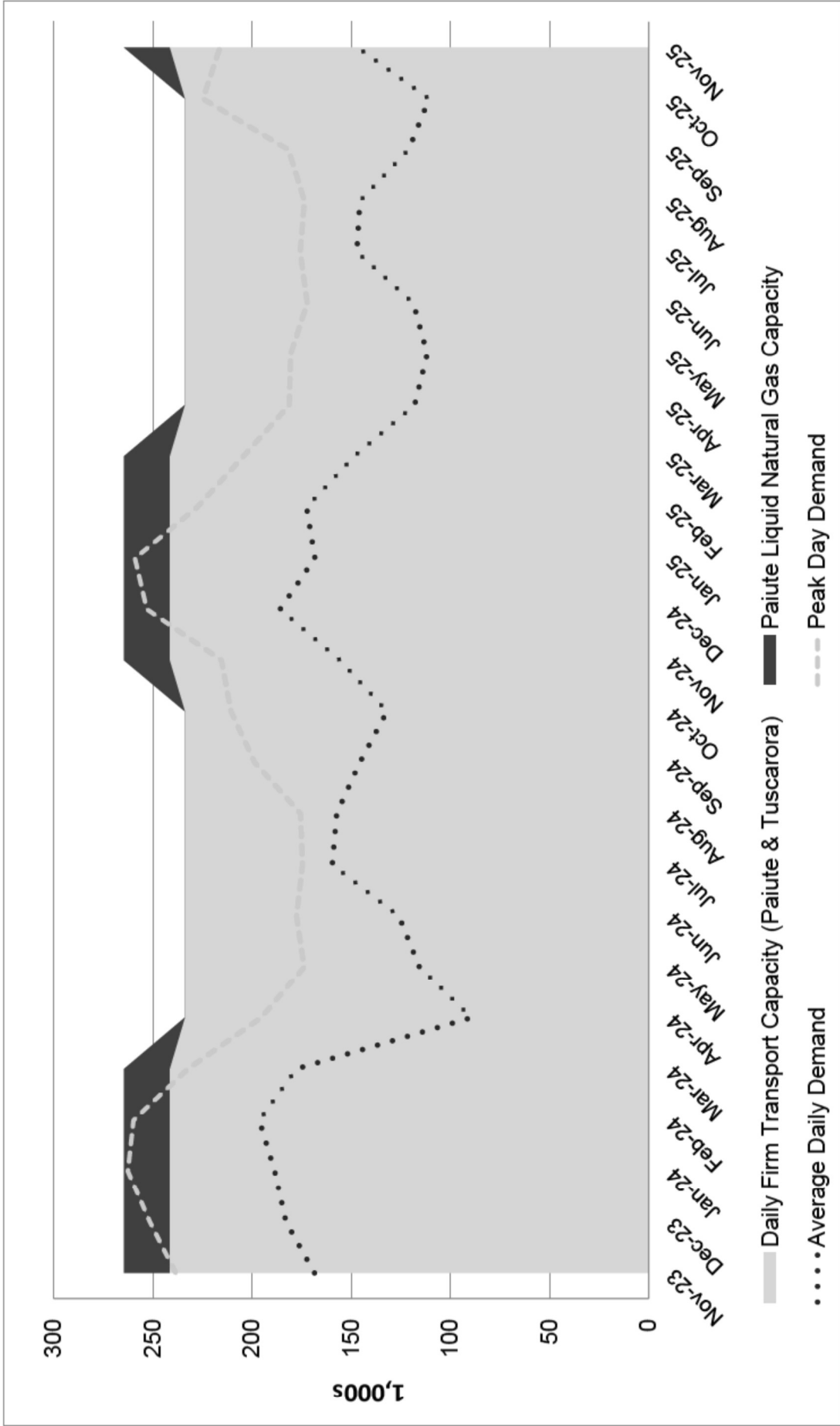
Gas Demand Versus contracted Kern River Transport Capacity (MMBtu)



Note: Based on normal weather

Sierra (electric and gas) Gas Demand Versus Transport Capacity (MMBtu)

Privileged and Confidential

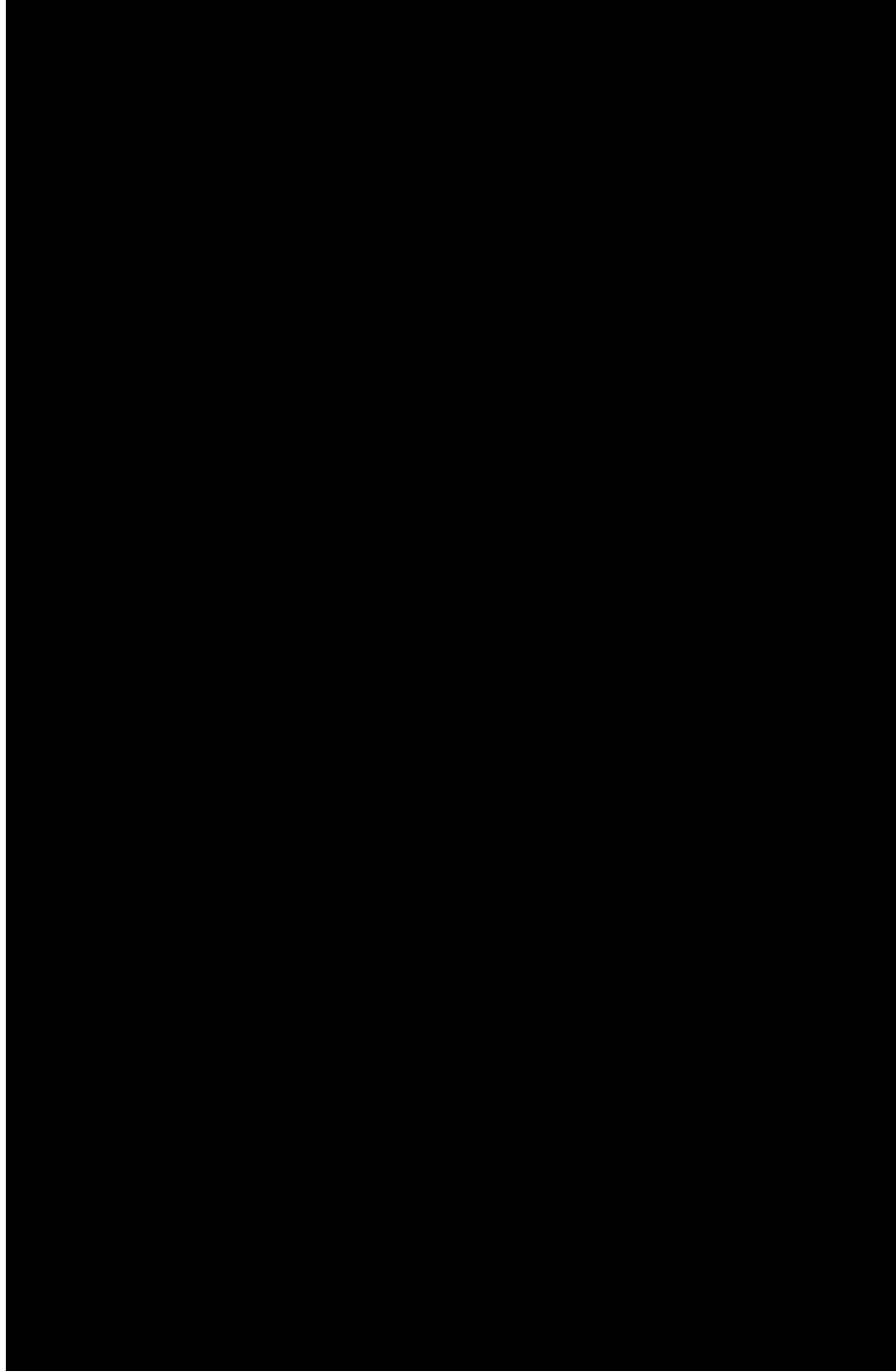


Note: Based on normal weather

Nevada Power Natural Gas Price Forecasts

SoCal Gas Price Forecast (dollars per MMBtu)

— October-23 Forecast -- Approved Aug-23



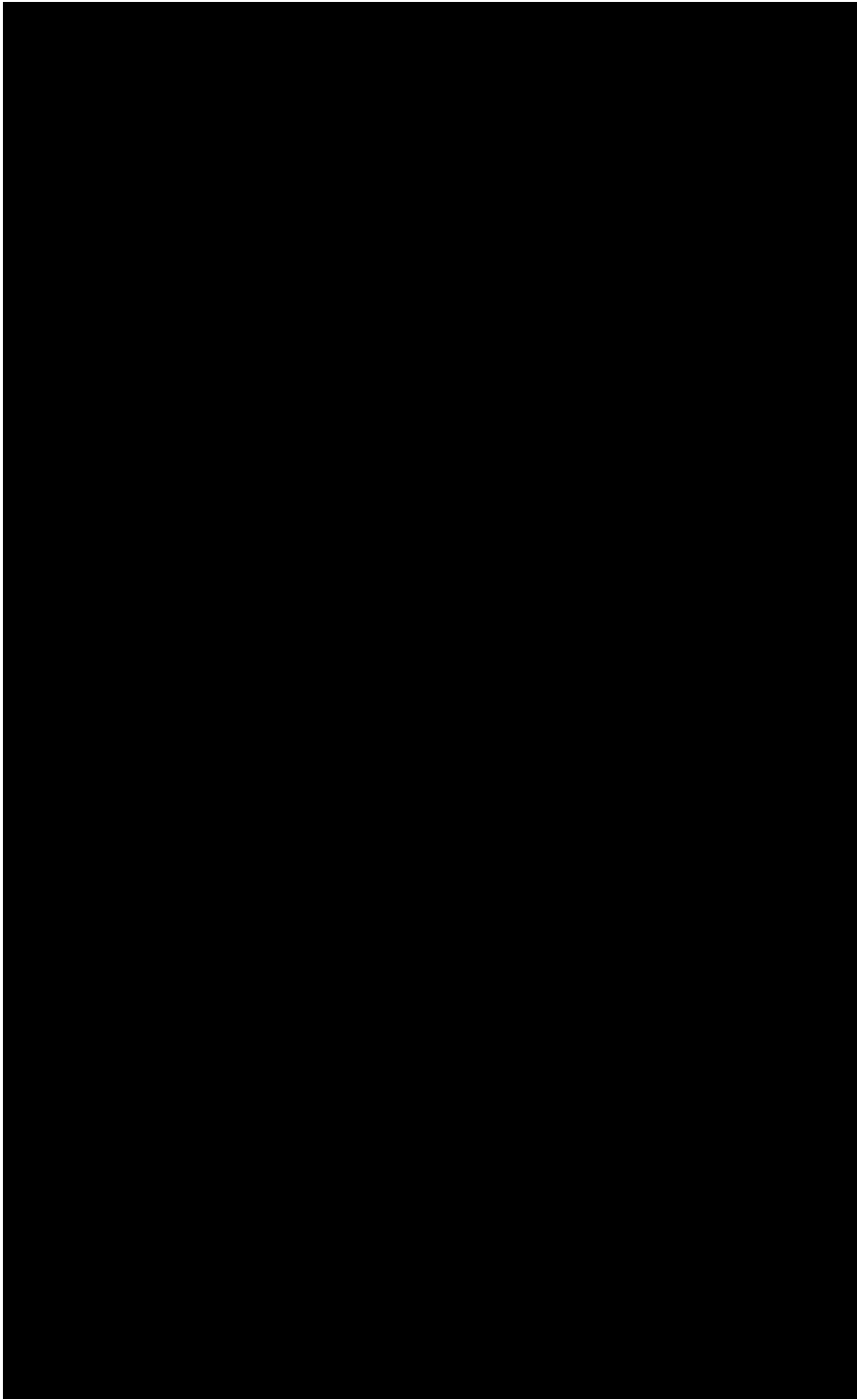
Delivery Month



Nevada Power and Sierra Power Price Forecasts

Mead Power Price Forecast (dollars per MWh)

- October 2023 Forecast - On-Peak
- October 2023 Forecast - Off-Peak
- Approved (August 2023) - On-Peak
- Approved (August 2023) - Off-Peak



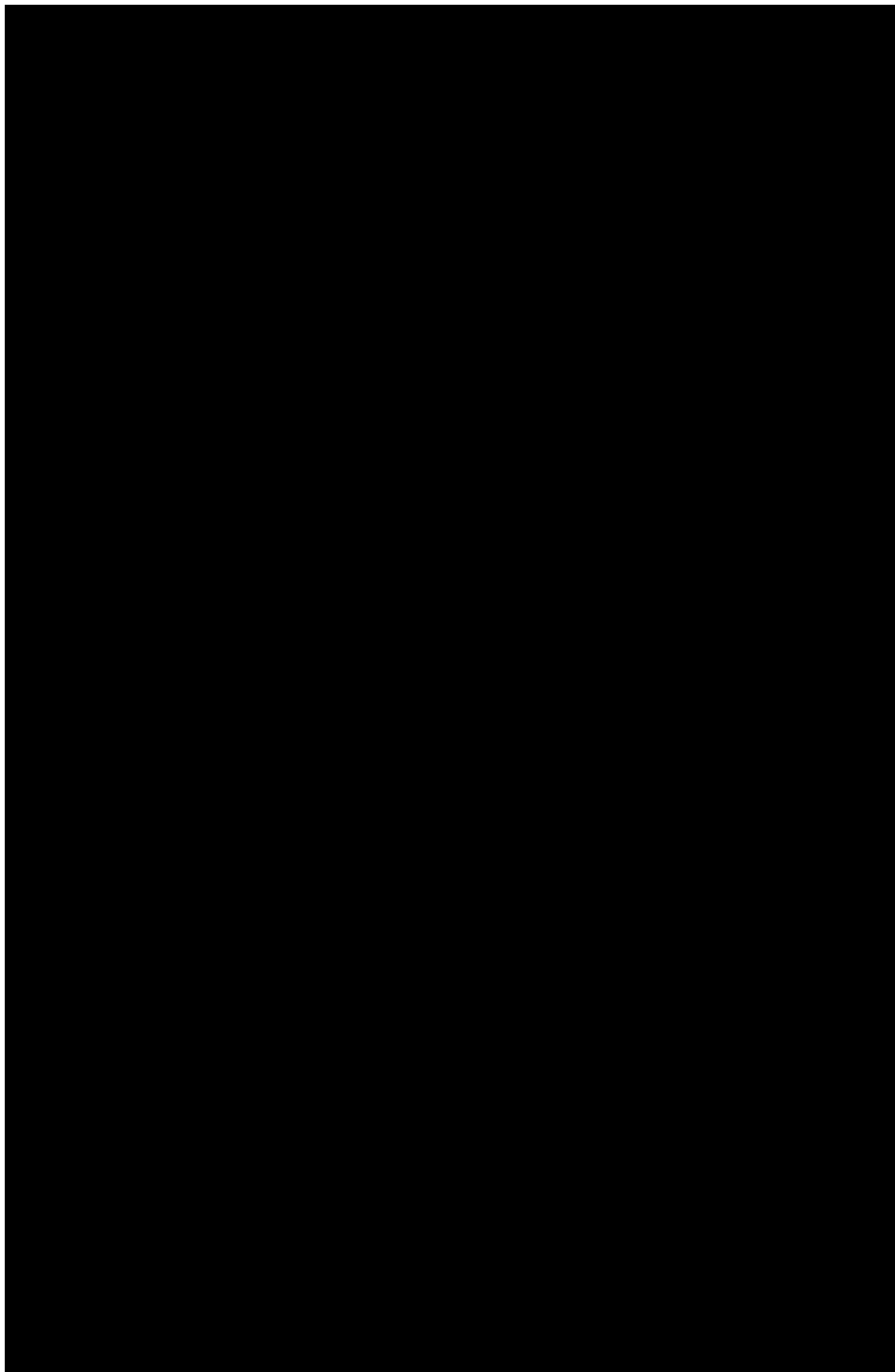
Delivery Month

Sierra

Natural Gas Price Forecasts

Malin Gas Price Forecast (dollars per MMBtu)

— October-23 Forecast — Approved Aug-23



Delivery Month





Load Forecast Update 2024 IRP

Privileged and Confidential

Tim Pollard

Director-Load Forecasting, Research & Analytics

October 18, 2023



Recommendation



- Recommend approval of the updated load forecast for use in the fifth amendment to the 2024 Integrated Resource Plan including:

- Increase in peak loads of 495, 130, 351 MW in 2024, 2025, and 2026 respectively, with an increase of 3,331 MW by 2033

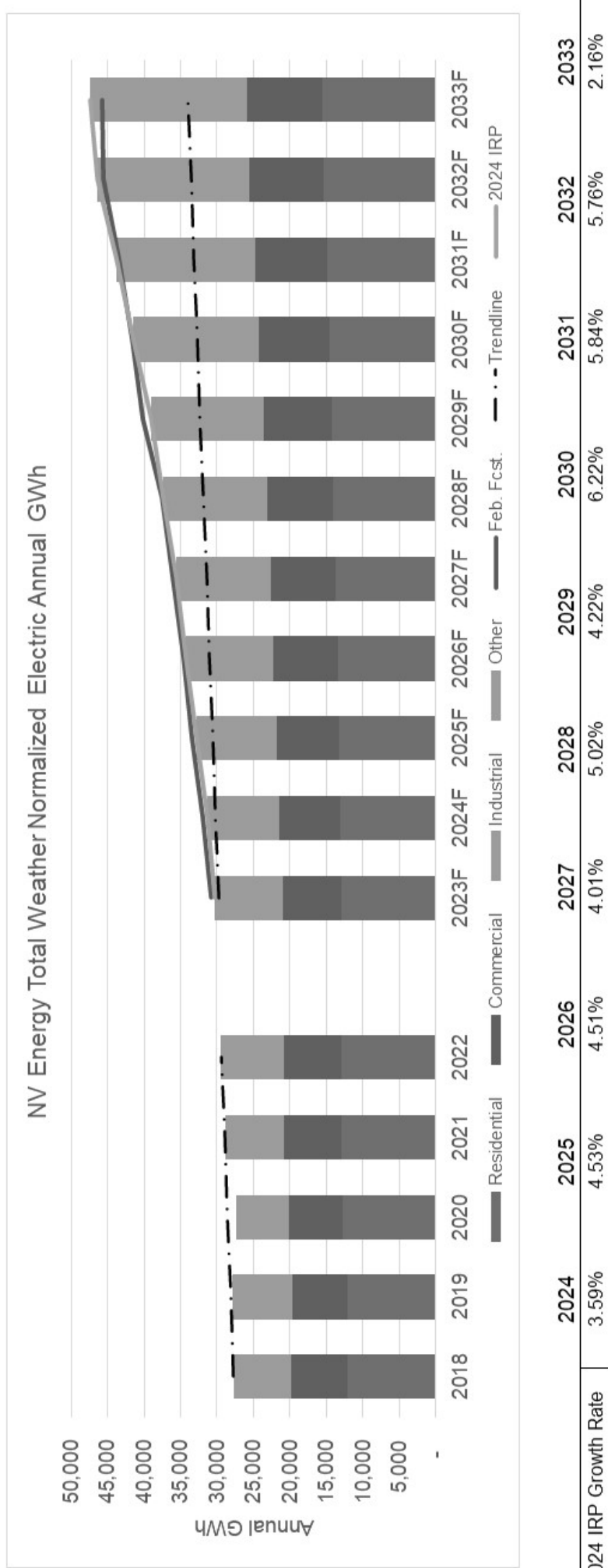
- Increase in sales of 826, 1,086, 1,422 GWh in 2024, 2025, and 2026 respectively, with an increase of 17,926 GWh by 2033

Year	MW Peak	GWh
2022	7,750	29,439
2023	8,245	30,265
2024	8,375	31,351
2025	8,726	32,773
2026	8,780	34,249
2027	9,020	35,624
2028	9,355	37,412
2029	9,636	38,992
2030	10,102	41,417
2031	10,560	43,837
2032	10,856	46,363
2033	11,081	47,365
<u>2023-2033:</u>		
Change	3,331	17,926
Percent Change	43%	61%
CAGR 2023-2033	3.6%	4.2%



NV Energy – Total Update

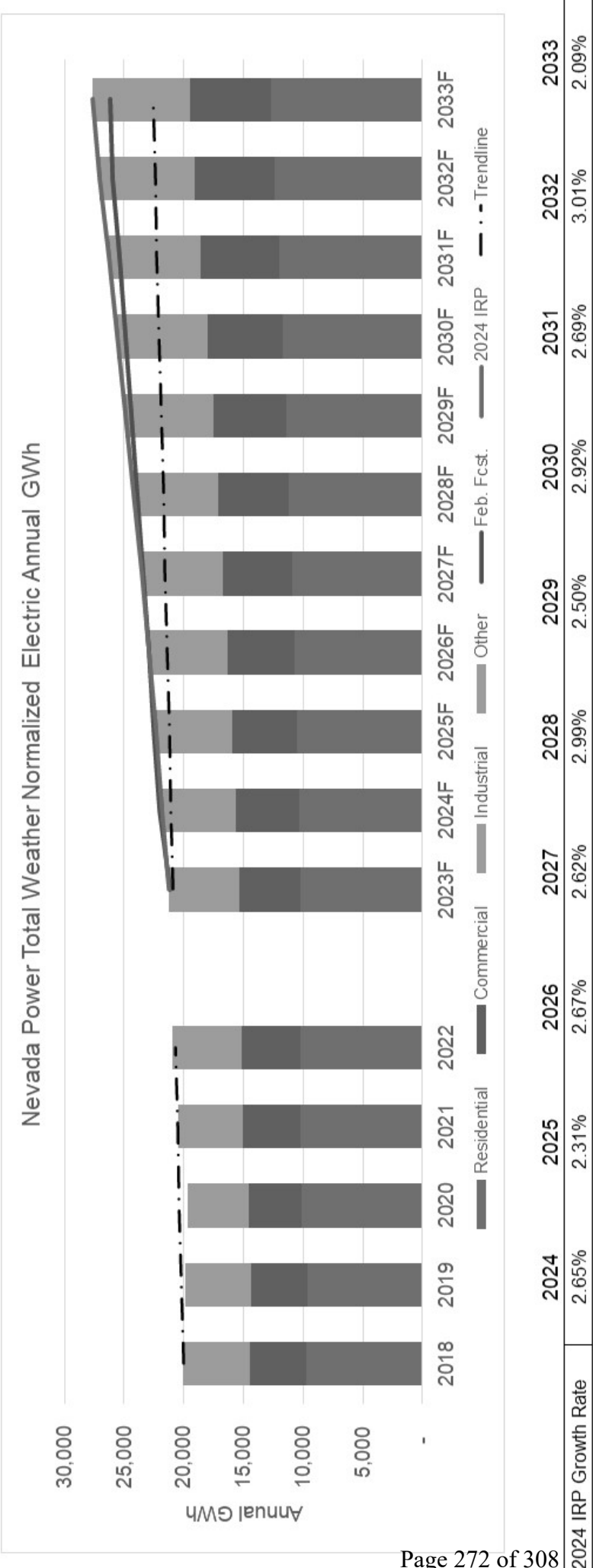
- 10-year CAGR at 4.2 percent driven by large projects
- Slightly lower rate than February forecast



Nevada Power – Total Update



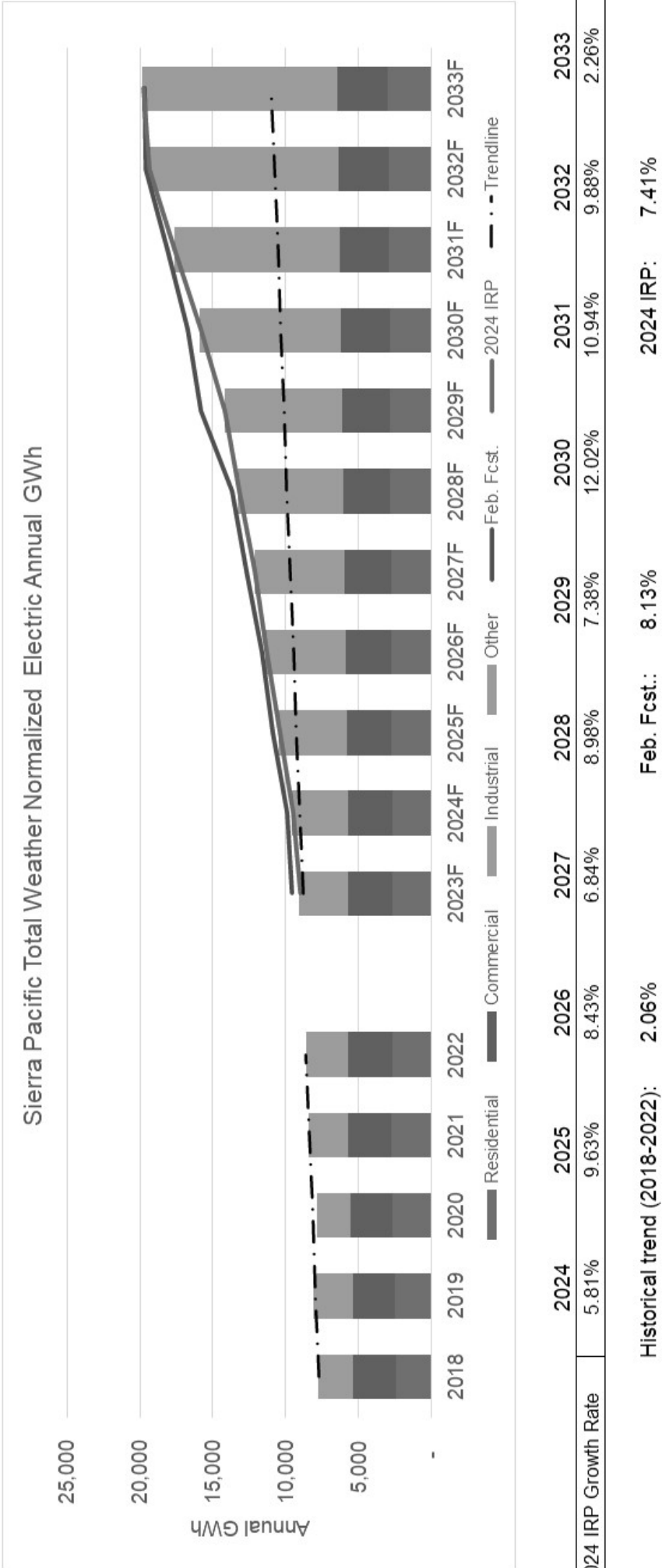
- 10-year CAGR 2.4 percent compared to 5-year historical value of 0.9 percent
- Higher rate than February forecast





Sierra – Total Update

- 10-year CAGR at 7.4 percent continues to be driven by large customer projects
- Lower growth rate than February forecast



Summary of Load Forecast Development



- **Proposed Load Forecast update for 2024 IRP includes:**
 - Forecast incorporates modelling updates specified in the 3rd amendment stipulation in response to feedback from Staff and BCP
 - Primary drivers include:
 - Planned expansion and/or incremental major project additions to Industrial load
 - Updated NEM forecast
 - EV forecast from E3
 - Updates to DER information (DSM, DR, EE)
 - Refinement to recently approved trended normal weather approach (Monthly vs. Annual regression)
- **Presentation compares to February'23 forecast**
- **Significant increase of peak and energy requirements for system even at adjusted levels of estimated growth**
 - As a reference, the historical trendline of 2018-2022 system sales includes annual growth rate of approximately 1.7 percent
 - Recommended forecast is 2.5 times historical trend with compounded annual growth rate of 4.2 percent

Large Project Forecasts



- 45 major projects containing mostly high load factor Data Centers, Mines, Casinos, and Manufacturing customers
 - 17 major projects further along in process with signed Rule 9 agreements that provide defined facilities and investment
 - Majority (11) are expansions for current locations
 - Customer requests for 530 MW of incremental capacity at Sierra by 2032 adjusted to 300 MW
 - Customer requests for 100 MW at Nevada Power by 2032, adjusted to 40 MW
 - 28 Major projects in earlier study phase
 - Requested incremental capacity of 3,740 MW at Sierra
 - Requested incremental capacity of 910 MW at Nevada Power
- Of all projects, eight are current Distribution-Only Service customer projects, which are excluded from retail load forecast
- 170 MW incremental peak at Sierra and 240 MW at Nevada Power to be served by another provider

Type of Large Projects



- Bundled service Data Center projects are largest additions and account for 67 percent of adjusted MW
- Distribution-Only Service Data Center projects also significant at 11 percent of adjusted MW additions

Company	Type	Projects	Requested MW	Adjusted MW
SPPCo	Data Center	11	5,208	1,374
	Manufacturing	8	1,145	271
	Mine	5	111	37
Total		24	6,464	1,682
NVPWR	Manufacturing	11	372	62
	Data Center	5	863	307
	Casino	3	64	16
	Water	2	14	4
Total		21	1,313	389
NVE Total		45	7,777	2,071

[illegible]

SPPCo	2,505	173	2,332	1,060	45.5%
NVPWR	145	48	97	97	100.0%
Total	2,650	221	2,429	1,157	47.6%
Reduction					52.4%

DOS Service						
Customer 13	NVPWR	130	-	130	95	73.4%
Customer 14	NVPWR	14	12	2	1	59.0%
Customer 15	SPPCo	172	35	137	85	62.1%
Customer 16	SPPCo	25	9	16	6	39.6%
Customer 17	SPPCo	26	12	14	10	68.0%

Study Phase						
Proposed Large Loads			2032		2032	
(Study Phase)	Company	Incremental		Incremental Adjusted	Adj. Pct of Requested	
		Requested				
Customer 18	SPPCo	1,491	82	5.5%		
Customer 19	SPPCo	924	220	23.8%		
Customer 20	SPPCo	175	27	15.4%		
Customer 21	SPPCo	300	47	15.8%		
Customer 22	SPPCo	90	20	21.7%		
Customer 23	SPPCo	245	44	17.9%		
Customer 24	SPPCo	20	3	15.8%		
Customer 25	SPPCo	95	7	7.4%		
Customer 26	SPPCo	216	33	15.4%		
Customer 27	SPPCo	180	37	20.7%		
Customer 28	NVPWR	142	24	17.2%		
Customer 29	NVPWR	75	17	23.1%		
Customer 30	NVPWR	415	70	16.8%		
Customer 31	NVPWR	5	1	23.1%		
Customer 32	NVPWR	20	3	16.1%		
Customer 33	NVPWR	10	2	16.1%		
Customer 34	NVPWR	5	1	16.1%		
Customer 35	NVPWR	16	3	17.2%		
Customer 36	NVPWR	28	8	28.4%		
Customer 37	NVPWR	5	1	16.1%		
Customer 38	NVPWR	15	2	16.1%		
Customer 39	NVPWR	20	6	28.4%		
Customer 40	NVPWR	5	1	16.1%		
Customer 41	NVPWR	5	1	16.1%		
Customer 42	NVPWR	147	26	17.4%		

SPPCo	3,736	521	13.9%
NVPWR	912	165	18.1%
Total	4,648	686	14.7%
Reduction			85.3%

DOS Service				
Customer 43	NVPWR	98	27	28.0%
Customer 44	NVPWR	7	1	17.2%
Customer 45	NVPWR	7	2	32.6%

Adjusted Load Estimates



- Adjusted customer schedule provides peak load of customer by year
- To estimate energy sales, identified type of load for each project (Casino, Mine, Data Center) and applied representative hourly load shape to adjusted peak MW capacity
 - Results in hourly energy representative of project load for thirty-year forecast period
- On average for 2032, forecast reduces requested incremental bundled service additions by approximately 74 percent
 - 52 percent reduction for projects with signed agreements
 - 85 percent reduction for projects in study phase

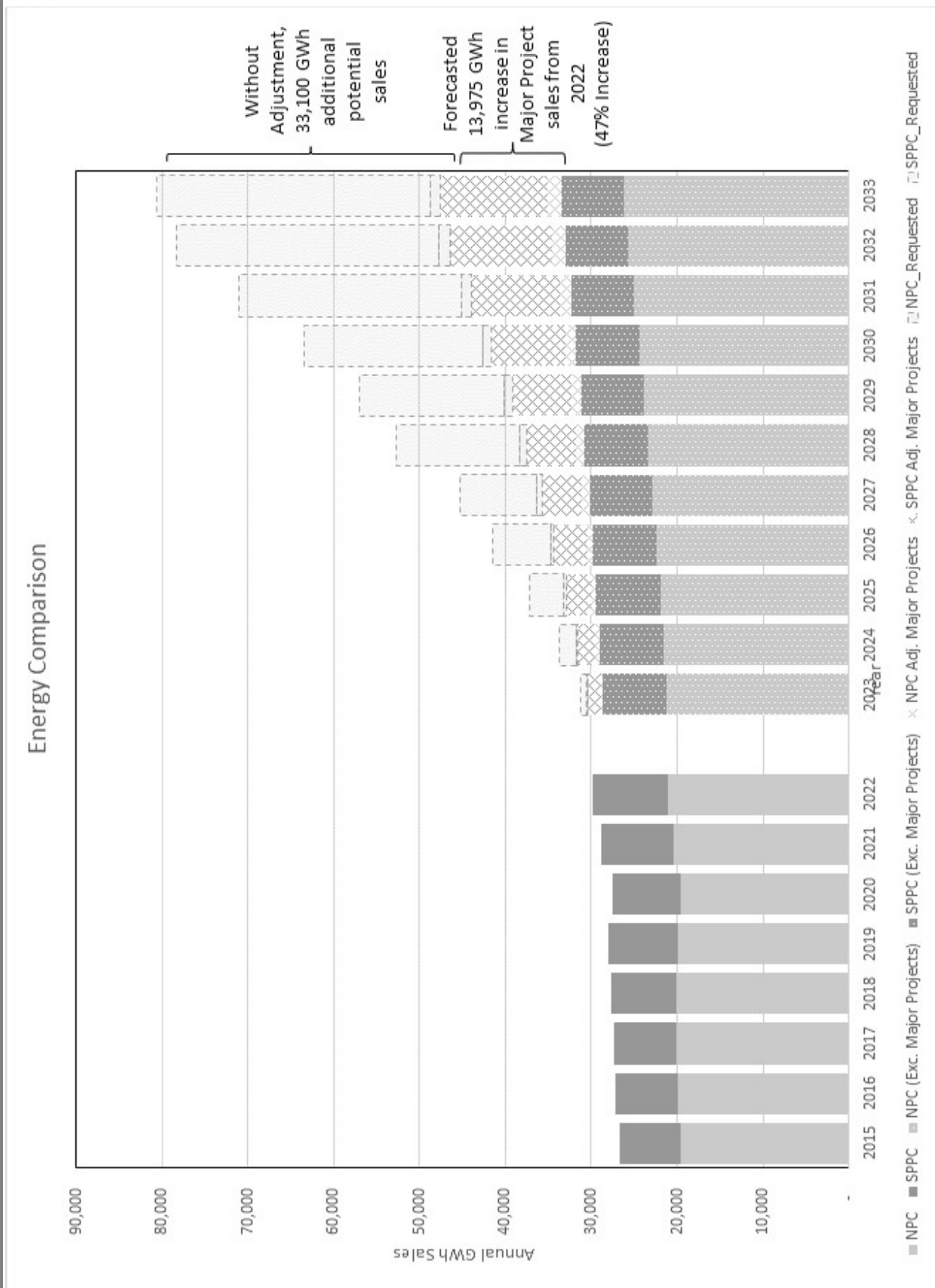
Project Adjustments



- Customer provided schedule not reasonable to include without modifications, requested amounts will be challenged in a filing
- Adjustments to requested Peak MW load necessary
- When available, we compared customer projects to ramp-up of past projects for same customer
- Aspects of individual project schedules considered:
 - Is the project for an existing customer/location (expansion)
 - Does the project have a signed Rule 9 agreement
 - What is estimated business/credit risk
 - What amount of load may be delayed in a typical year of schedule
 - Should the end level of peak MW be lowered
- Result is weighted percent for individual project adjustments applied to customer provided requested MW schedule



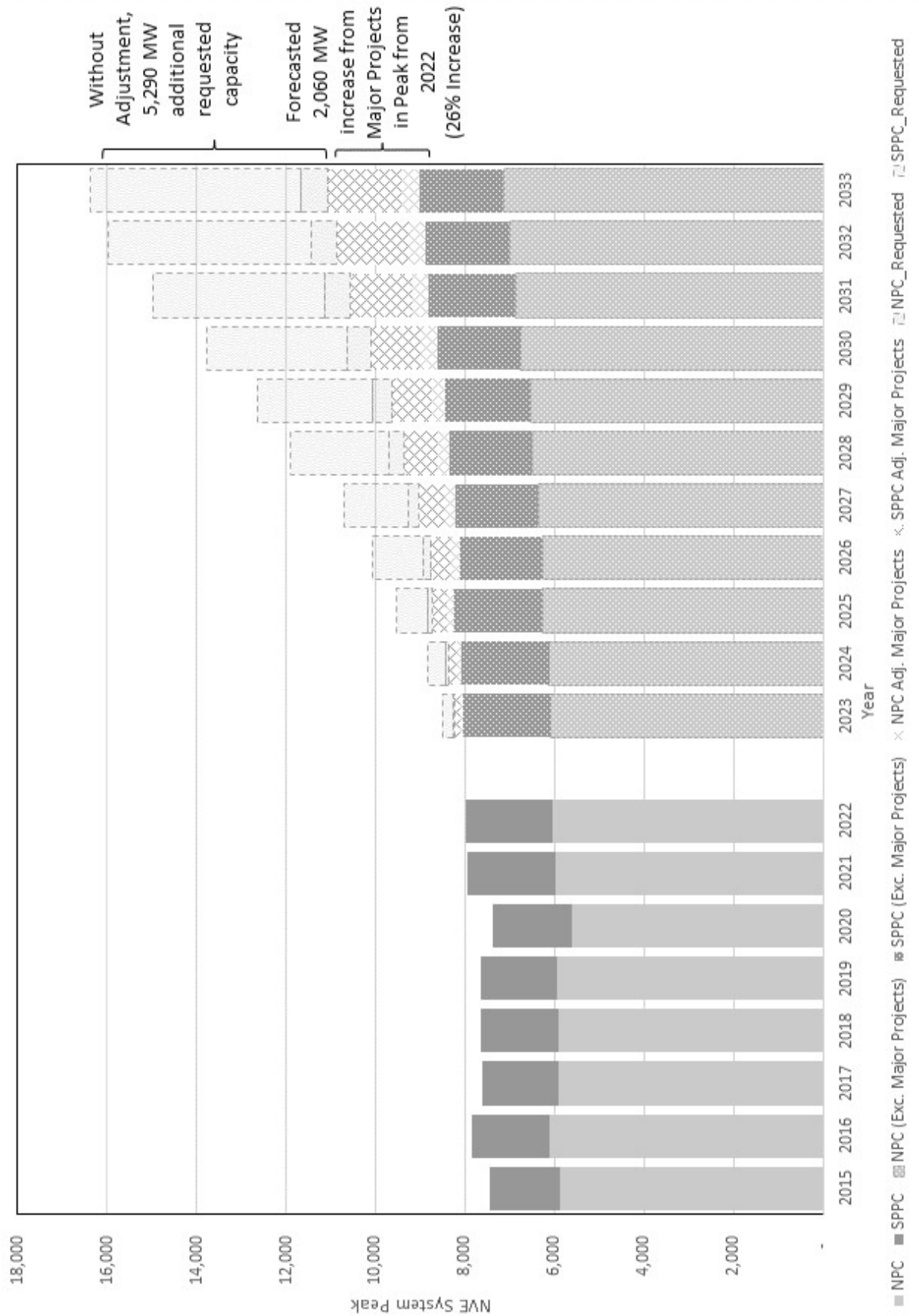
Sensitivity of Adjustments - Energy





Sensitivity of Adjustments - Peak

Peak Comparison



Forecast Drivers - NEM



- Customers continue to migrate towards NEM schedules through installation of rooftop solar
- Assumption was made that growth levels off from trend once 15% saturation

- After 15% saturation in Sep 2027 for NPC, a 5% annual reduction to the regression coefficient is applied against the percent increase based on population growth

Same assumption was used at Sierra, but never reaches saturation point

Nevada Power

Year	Customer Count EOY	Capacity EOY (MW)	Avg Monthly Generation Total (MWh)
2023	98,935	733	91,652
2025	122,682	909	115,592
2030	179,801	1,333	172,583
2035	227,820	1,689	220,868
2040	267,416	1,982	260,715
2045	299,882	2,223	293,400
2050	326,386	2,420	320,093
2054	343,994	2,550	408,976

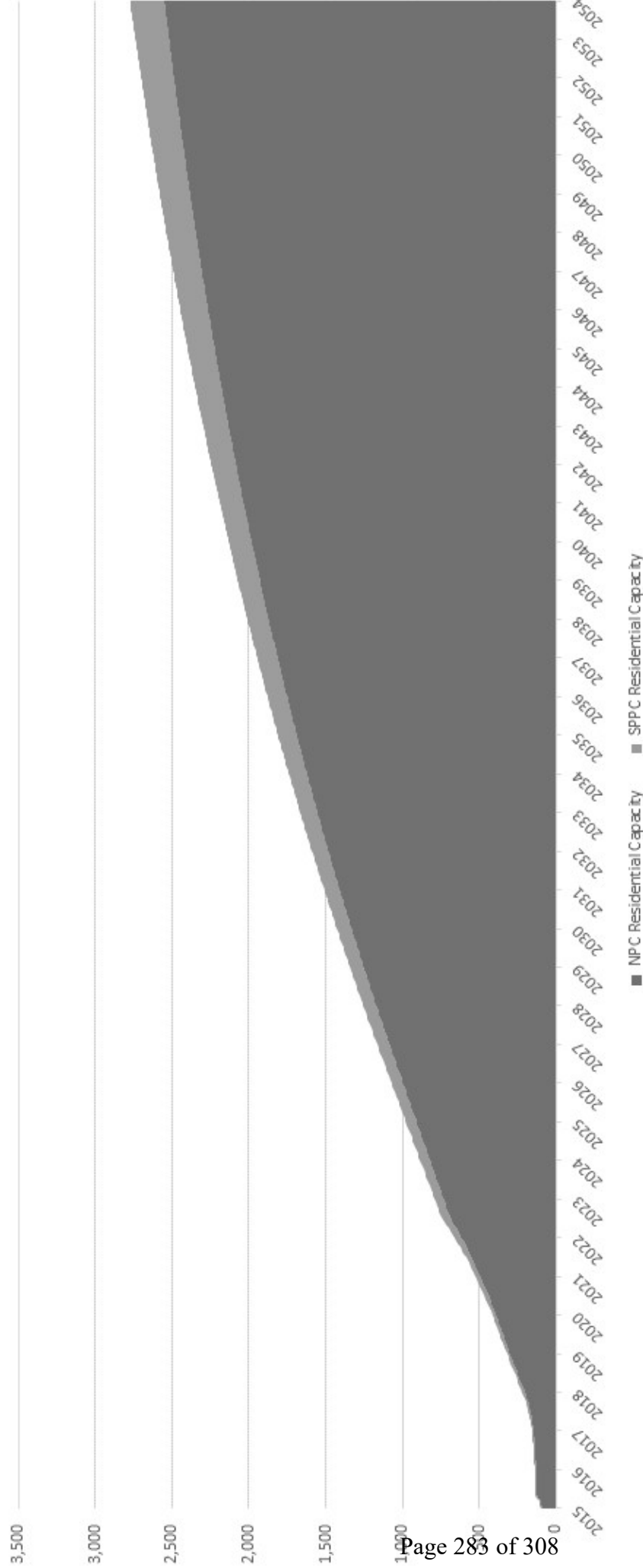
Sierra

Year	Customer Count EOY	Capacity EOY (MW)	Avg Monthly Generation Total (MWh)
2023	9,677	57	6,691
2025	11,536	67	8,246
2030	16,185	95	11,698
2035	20,834	122	15,152
2040	25,483	149	18,651
2045	30,132	176	22,088
2050	34,781	203	25,525
2054	38,500	225	28,339

Forecast Drivers - NEM



- By 2054, forecasted installed capacity is 2,550 MW at Nevada Power and 225 MW at Sierra
- Average monthly generation is approx. 410,000 MWh at Nevada Power and 28,000 MWh at Sierra



Forecast Drivers - EV



- Updated EV forecast provided by E3
- Assumes larger adoption levels over previous forecast
- Reflects split between at-home and workplace (68/32)
- By 2033, EVs account for 25% of total vehicles in Nevada
- By 2054, EVs are 60% of all vehicles in Nevada

Year	NPC EV Forecast			SPPC EV Forecast		
	Vehicles	Residential GWH Sales	Commercial GWH Sales	Vehicles	Residential GWH Sales	Commercial GWH Sales
2023	42,060	130	60	19,798	61	28
2024	67,847	208	96	32,559	100	46
2025	99,446	302	138	48,281	146	67
2026	137,242	412	189	67,033	201	92
2027	181,010	538	247	88,376	263	121
2028	231,926	684	314	113,097	334	153
2029	288,580	841	386	140,476	409	188
2030	349,598	1,009	463	169,803	490	225
2031	408,102	1,172	538	197,834	568	261
2032	470,681	1,350	619	227,654	653	299
2033	508,702	1,447	664	245,690	699	321

Risks to Load Forecast



- Incremental peak and energy considerations highly dependent on several risk factors
 - Customer project is terminated or delayed
 - Level of projected loads does not materialize
 - Customer chooses Distribution-Only Service
 - All but 8 projects with signed agreements are above 10 MW SB547 limit and new loads (i.e. not load for existing sites), enabling customer to immediately choose other service if not already served as bundled customer at current site
 - Lack of import capacity likely limiting option in near term at Sierra
- NEM Forecast growth accelerates or slows
- EV adoption and growth accelerates or slows

Summary



- Forecast takes cautious approach to major project additions
- Current upcoming major projects provide significant system growth in both peak and energy requirements
 - 2,065 MW growth by 2033
 - 13,975 GWh sales by 2033
- Forecast provides updates to key drivers (NEM, EV, DER) for approval in Integrated Resource Plan filing
- Recommend approval of the updated load forecast for use in the 2024 Integrated Resource Plan



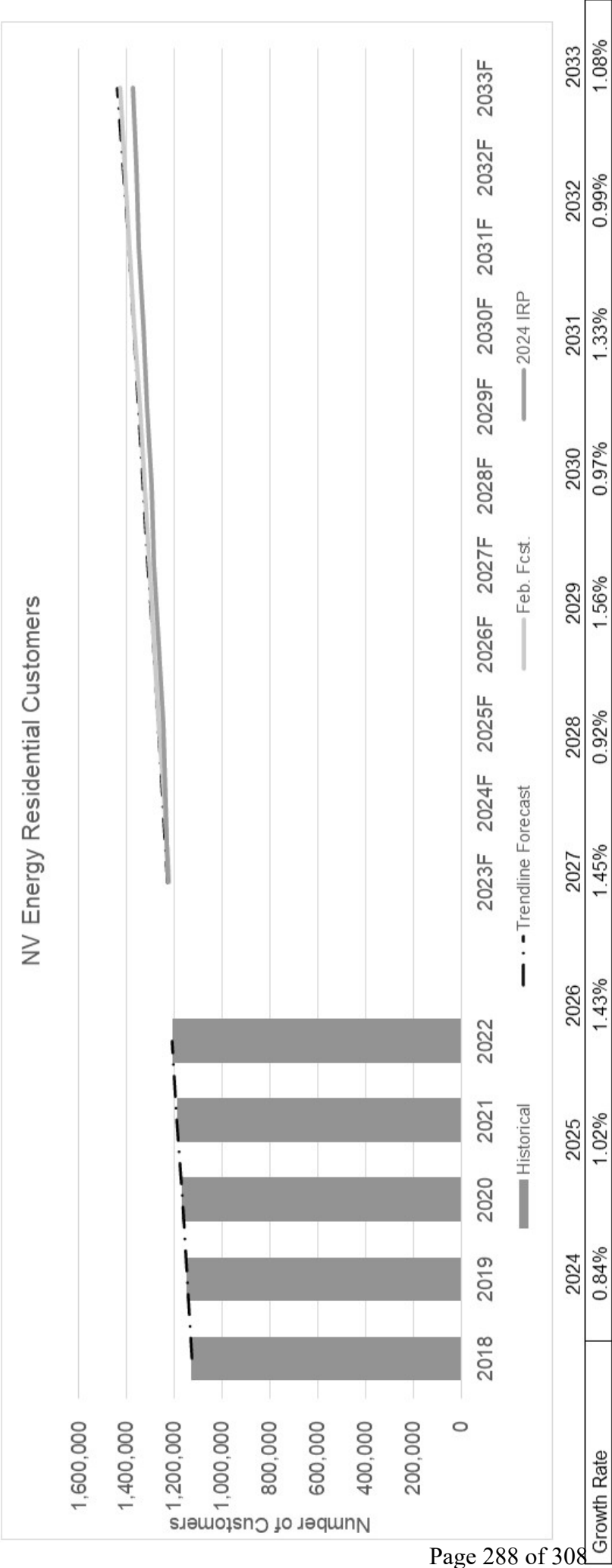
Appendix

Customer Group information



NV Energy – Residential Customers

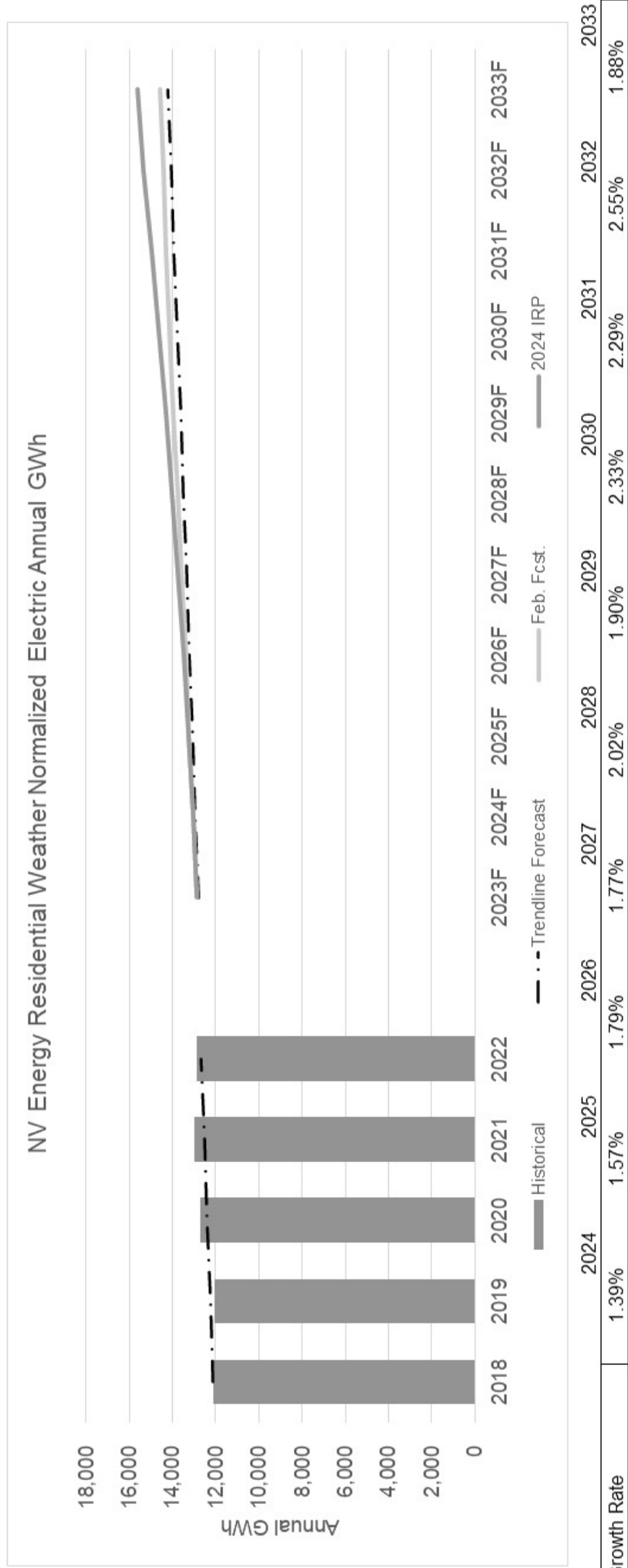
- Customer growth at 1.0 percent compared to 1.4 percent in February forecast



NV Energy – Total Residential



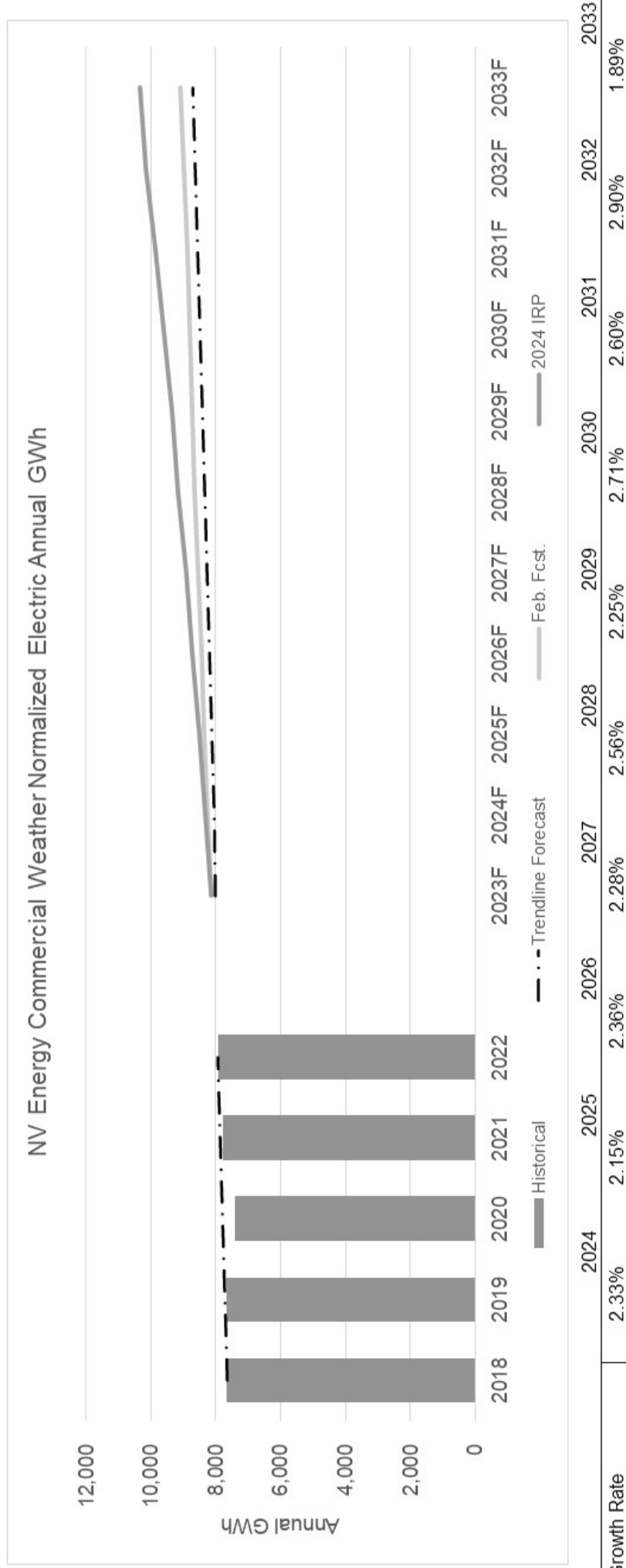
- Decreases in residential sales from NEM partially offset by EV adoption in early years, but EV increases overcomes in later periods as NEM growth rate slows



NV Energy – Total Commercial



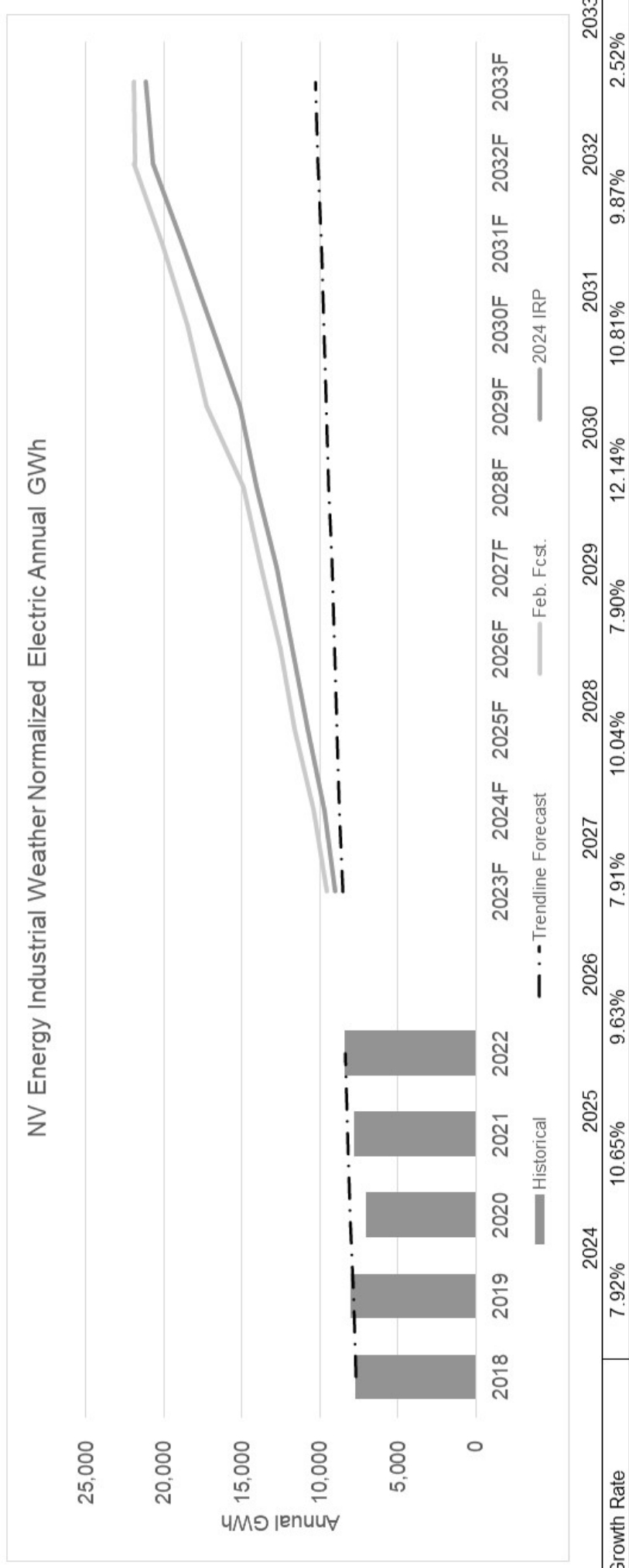
- Higher growth in commercial sales due to EV adoption relative to February forecast



NV Energy – Total Industrial



- Systemwide growth driven by large projects
- Sales growth rate for projects slightly lower than February forecast













EMPLOYEE COMMITMENT





CUSTOMER SERVICE

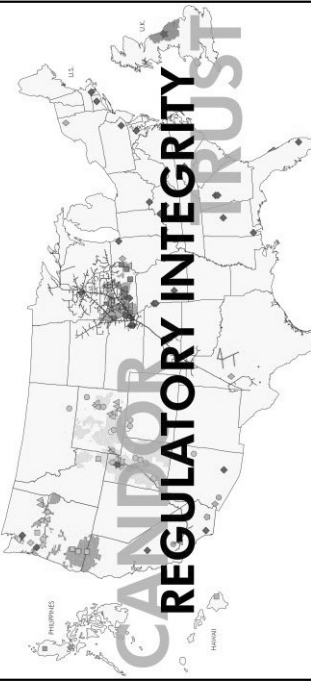







OPERATIONAL EXCELLENCE










REGULATORY INTEGRITY

ENVIRONMENTAL RESPECT

BERKSHIRE
FINANCIAL STRENGTH
OWNERSHIP

Risk Committee

Risk Control Report

Risk Control Report

- Information-only presentation
- Reporting period is for September portfolio, and credit threshold notifications
- Monitoring the contract values and contract terms for executed transactions
- Monitoring the difference between the base tariff energy rate revenues and expenses

Executive Summary

- **Transaction Approval Notification Thresholds**
 - No exceptions to the transaction notification thresholds¹
- **Portfolio Risk Notification Thresholds**

Mark-to-Base Change Notification Thresholds:

 - All three entities are within the notification threshold

Value-at-Risk (VaR) Notification thresholds:

 - All three entities exceeded the notification threshold
- **Credit Risk Notification Thresholds**
 - No counterparties exceeded their assigned credit limits in September 2023
 - 0% of NV Energy's portfolio with mark-to-market exposure is below investment grade
 - The weighted average credit rating of the portfolio is AAA

¹ – Transactions being reported do not include EIM transactions, only bilateral transactions

Forward Power Sales Compliance

- Risk Control has verified that forward sales activities were in compliance with the forward sales Procedure Manual.

Transaction Notification Thresholds

Contract Value

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$5.0M	Manager Contract Management (Amendments/Settling disputes only)	NV Energy South 1,113-Transactions NV Energy North 267-Transactions Total 1,379-Transactions ¹ Largest transaction \$31.6M Power Deal	●
	≤\$5.0M	Manager, Gas Trading		
	≤\$5.0M	Manager, Power Trading		
	≤\$7.5.0M	Director, Gas Trading		
	≤\$7.5.0M	Director, Power Trading		
	≤\$12.5M	Vice President, Resource Optimization		
	≤\$12.5M	Vice President, Renewable & Origination		
	≤\$25.0M	Vice President, Chief Financial Officer		
	≤\$50.0M	Chief Executive Officer		
	Unlimited	Chief Executive Officer, Berkshire Hathaway Energy Company		

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
NV Energy	≤\$12.5M	Vice President, Resource Optimization		●
	≤\$25M	Vice President, Chief Financial Officer		
	≤\$100M	Chief Executive Officer		

1 – Transactions being reported do not include EIM transactions, only bilateral transactions

Largest transaction – 17-month index based gas deal (Citadel)
November 1, 2023 – March 31, 2025, 2023



Portfolio Notification Thresholds

	Test Period	Notification Threshold (\$m)	Est. BTER Costs (\$m)	Est. BTER Revenue (\$m)	Cumulative Mark-to-Base (\$m)	Status	Previous Month's Cumulative Mark-to-Base (\$m)	Monthly Mark-to-Base Change (\$m)	Status
NV Energy South	Jan 23-Dec 23	80	CEO	1,845.9	(1,899.6)	(53.7)	(51.7)	(2.0)	●
NV Energy North	Jan 23-Dec 23	50	CEO	492.9	(599.4)	(106.6)	(105.7)	(0.8)	●
NV Energy LDC	Jan 23-Dec 23	10	CEO	143.5	(156.4)	(13.0)	(10.4)	(2.6)	●

Revenues estimated using the following projected BTER rates:

Entity	10/1/2023	1/1/2024	4/1/2024	7/1/2024
NVE-S Residential	\$0.09869	\$0.09139	\$0.08942	\$0.06980
NVE-S Non-residential	\$0.09800	\$0.09227	\$0.08911	\$0.06598
NVE-N	\$0.06909	\$0.06440	\$0.05767	\$0.05808
NVE-N LDC	\$0.83721	\$0.80468	\$0.66212	\$0.45714

NPC has a breakout between residential and non-residential because of direct assignment of Hoover costs between the two groups. This results in one BTER/DEAA set of rates for residential and one BTER/DEAA set of rates for non-residential.

SPPC and the LDC do not have any directly assigned resource costs that are broken out between two customer categories. All customers pay the same BTER/DEAA rate.

●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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Portfolio Notification Thresholds

Company	VaR Notification Threshold (\$m)	Est. BTER costs for the Test Period (\$m)	Next 12 months VAR (\$m)	Status
NV Energy South	100	1,845.9	198.7	●
NV Energy North	60	492.9	81.2	●
NV Energy LDC	20	143.5	63.3	●

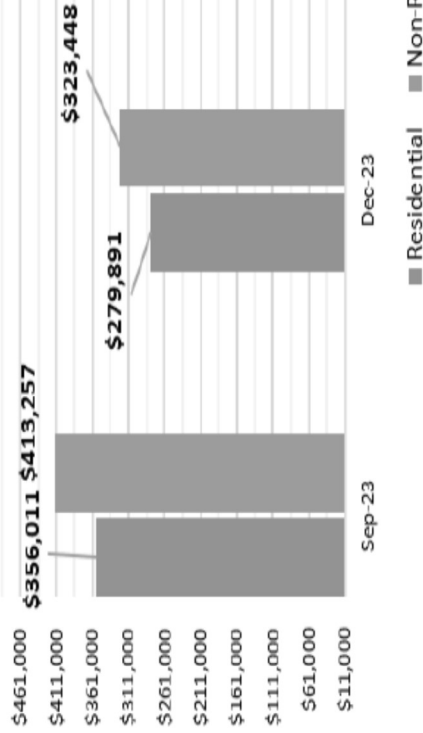
●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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Base Tariff Energy Rates and DEAA Balances – NPC Electric

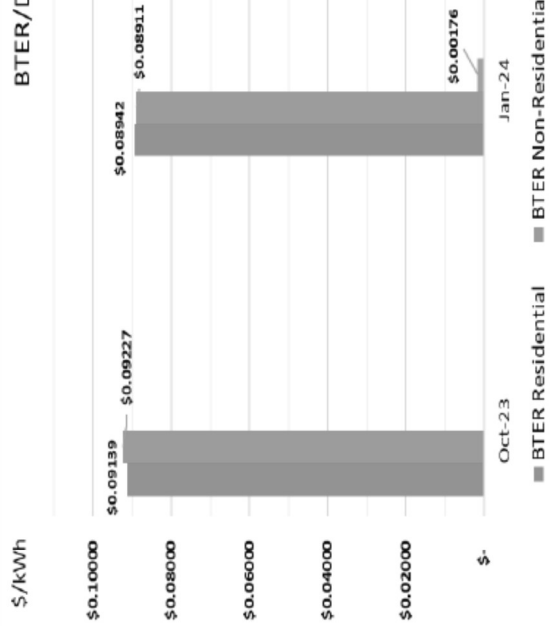
Privileged and Confidential

REDACTED PUBLIC VERSION

Projected DEAA Balance



BTER/DEAA Rates

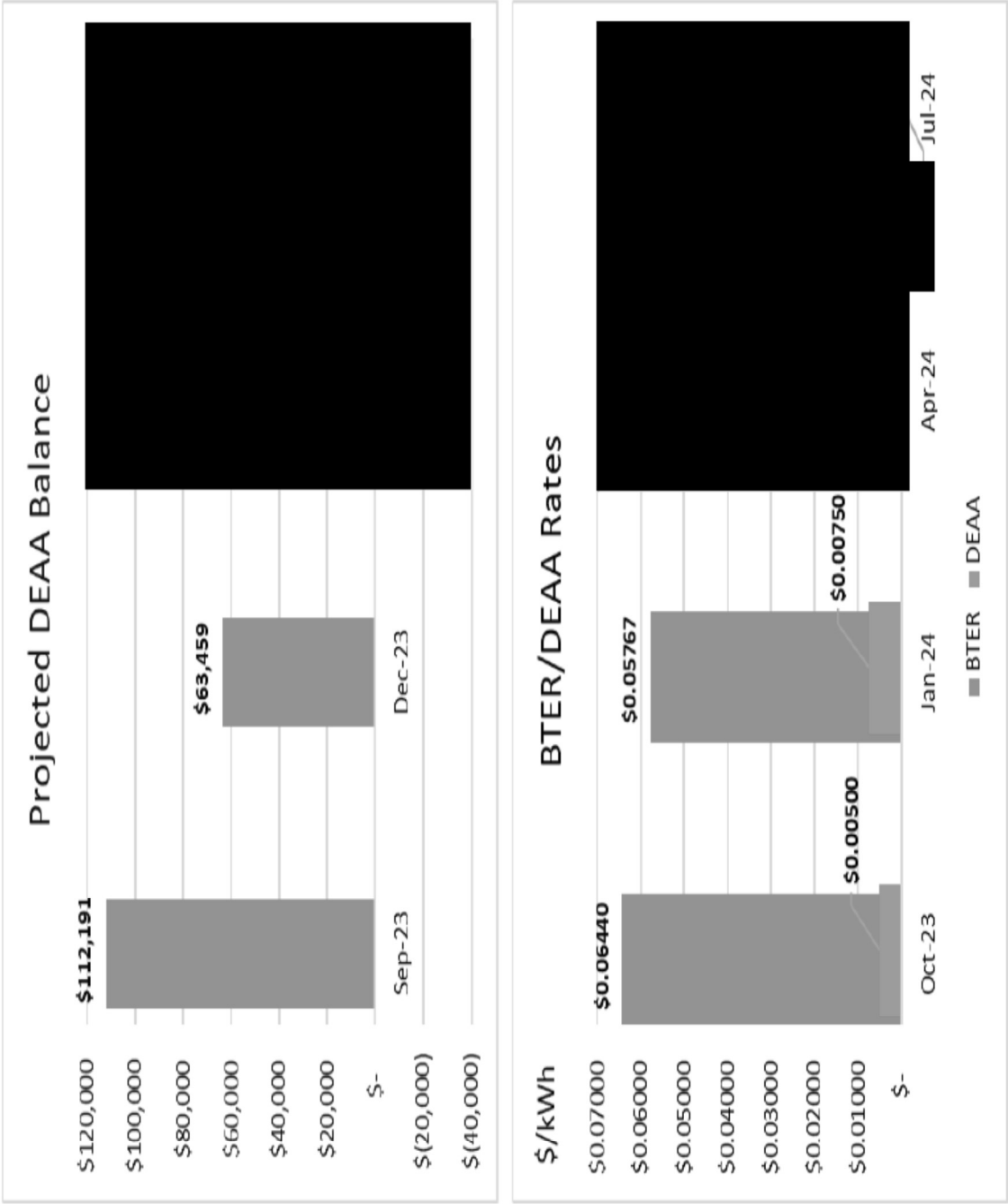


Negative = over collection
Positive = under collection

Base Tariff Energy Rates and DEAA Balances – SPPC Electric

Privileged and Confidential

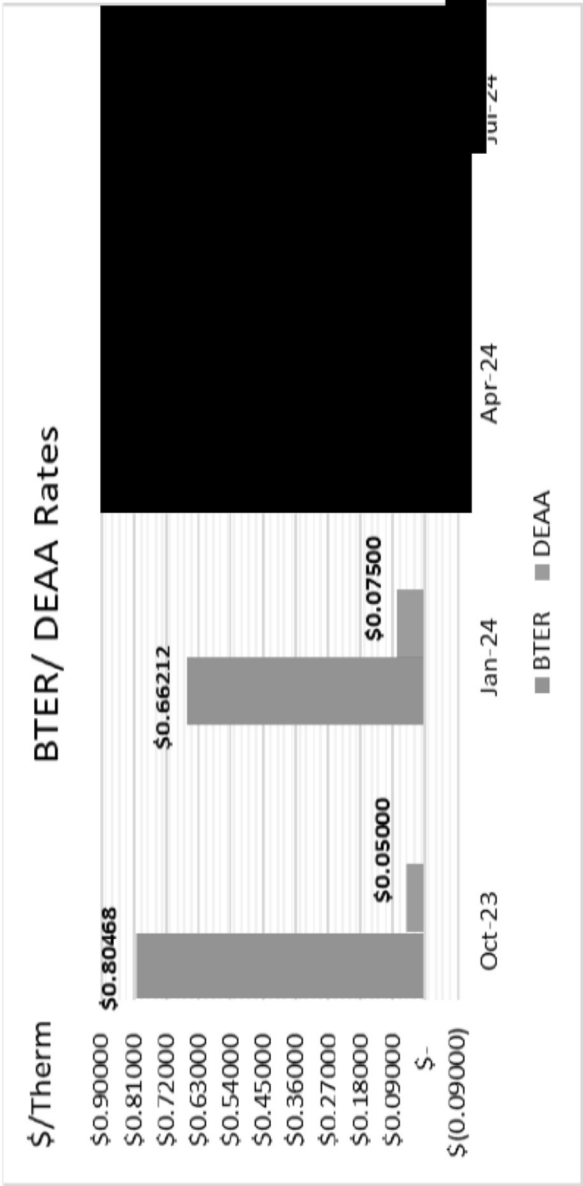
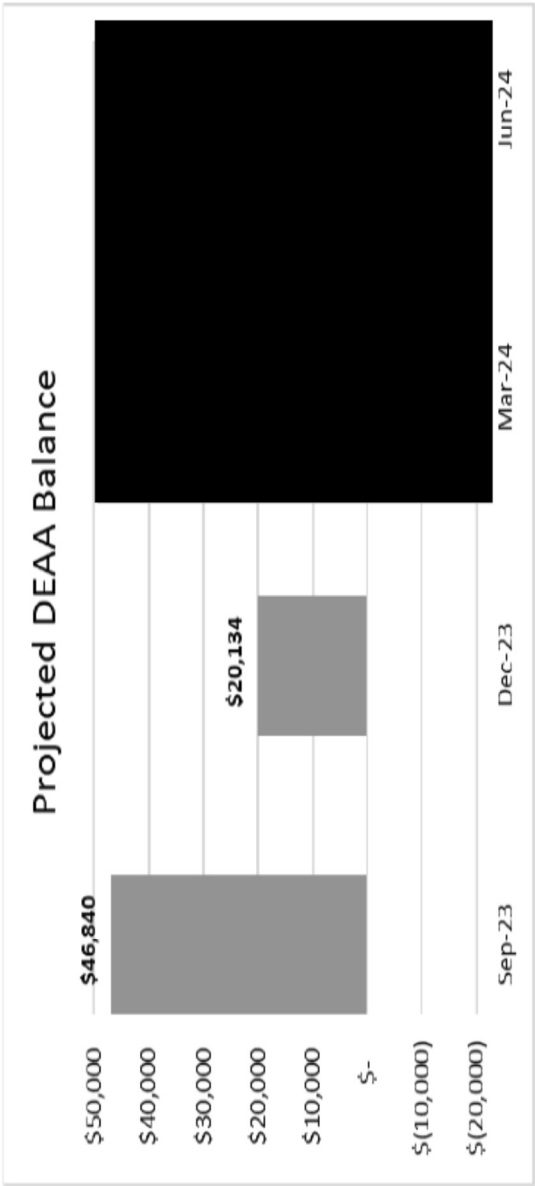
REDACTED PUBLIC VERSION



Base Tariff Energy Rates and DEAA Balances – SPPC LDC

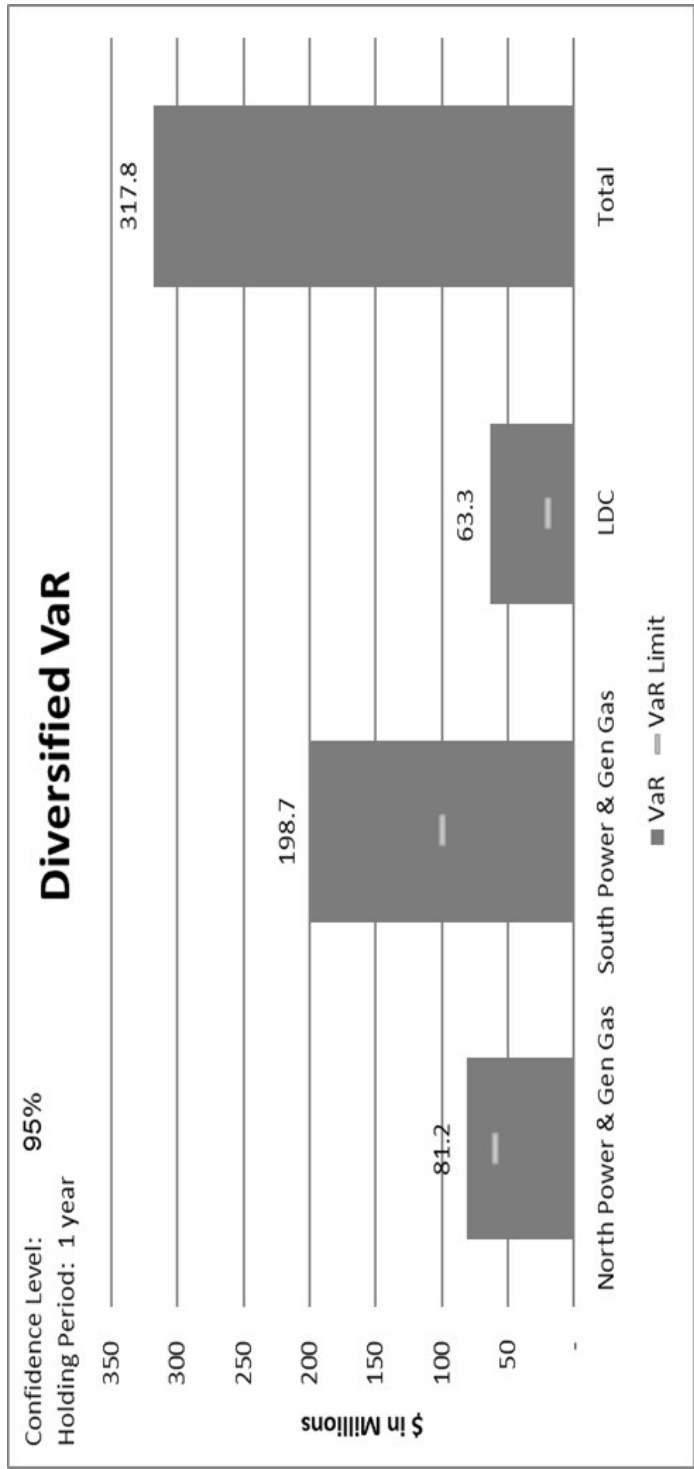
Privileged and Confidential

REDACTED PUBLIC VERSION



Negative = over collection
Positive = under collection

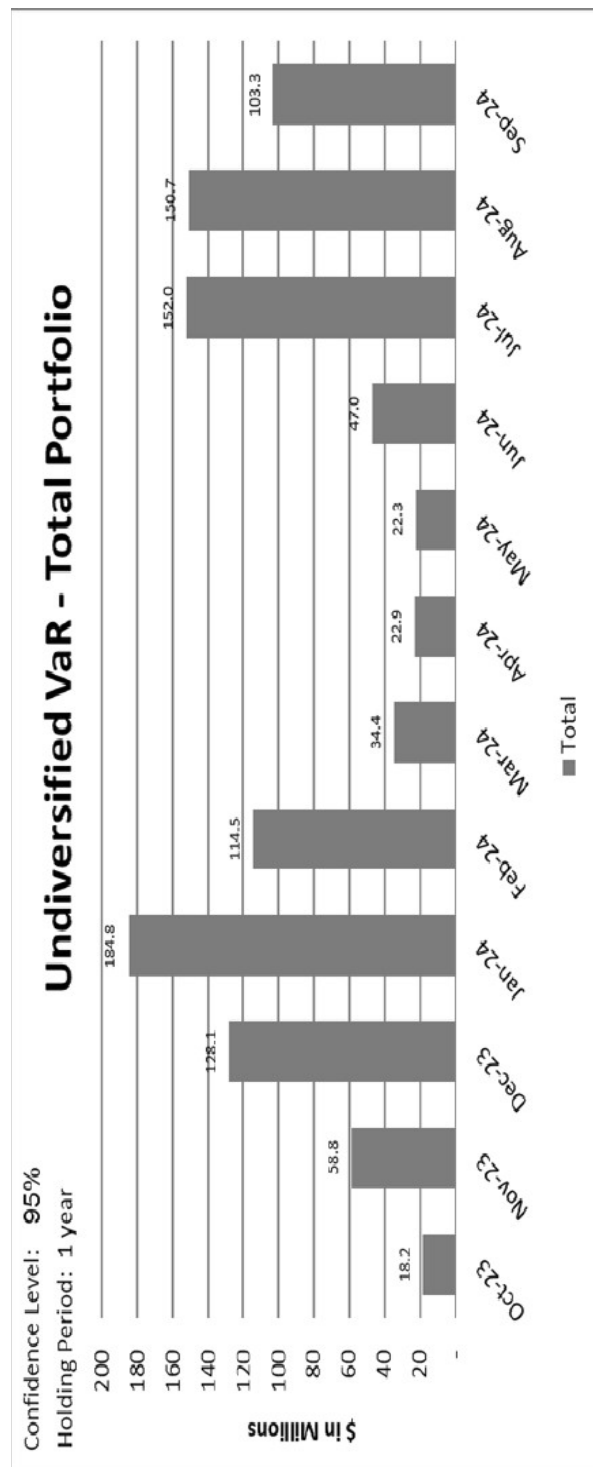
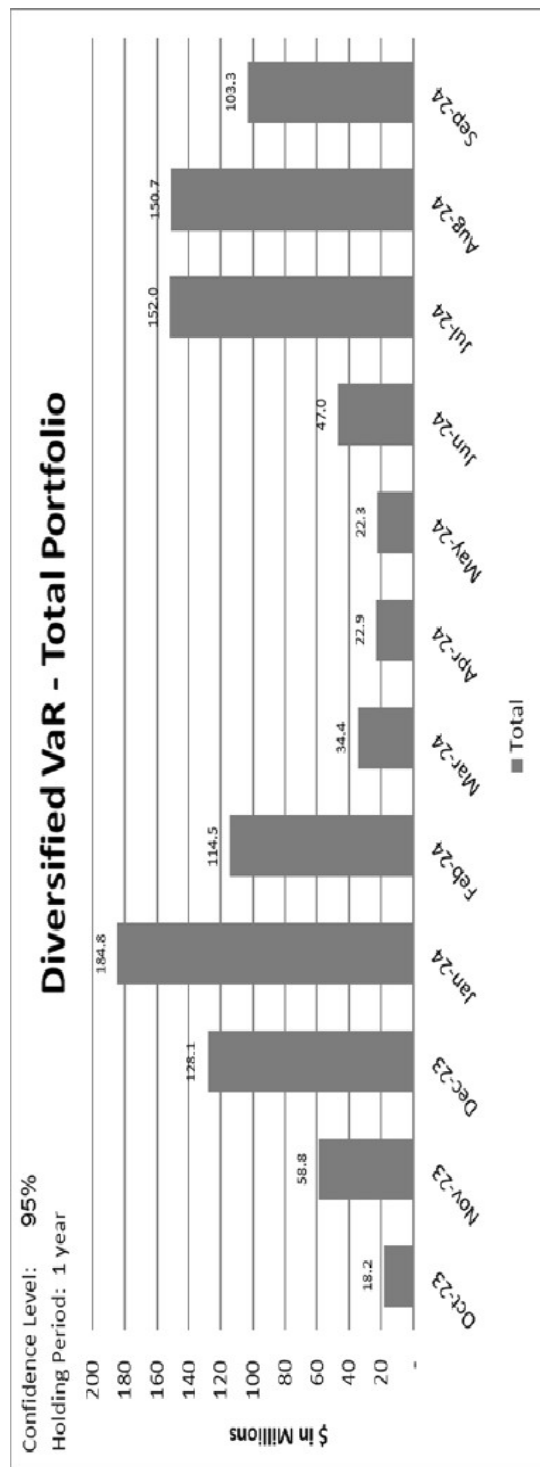
Portfolio Value-at-Risk Charts



Value-at-Risk
(also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)

The expected maximum increase in fuel and wholesale power costs over a target horizon within a given confidence interval and holding period. Value-at-Risk serves as a gauge of market exposure, summarizing the total market risk in a portfolio of assets.

Portfolio Value-at-Risk Charts



Credit Notification Thresholds

Portfolio Below Investment Grade Notification Threshold*

Company	Actuals	Notification Threshold	Status
NV Energy	0% of NV Energy's portfolio with MTM exposure is below sub-investment grade.	40%—interim notification threshold and an actual MTM exposure threshold of \$10M	●

Portfolio Weighted Average Credit Rating*

Company	Actuals	Notification Threshold	Status
NV Energy	The weighted average rating for the month of September "AAA"	BBB- or above—interim notification threshold <u>and</u> an actual MTM exposure threshold of \$10M	●

●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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* Excludes counterparties associated with long-term gas tolling agreements and qualifying facility agreements.

Credit Notification Thresholds

Counterparty Notification Threshold for Ongoing Transactions*

Company	Actuals	Notification Threshold		Status
NV Energy	No counterparties exceeded their assigned credit limits in September	AAA to AA-	\$20.0M	●
		A+ to A-	\$15.0M	
		BBB+ to BBB-	\$10.0M	
		BB+	\$6.0M	
		Less than BB+	\$0	

* Excludes counter-parties associated with long term gas tolling agreements and qualifying facility agreements.

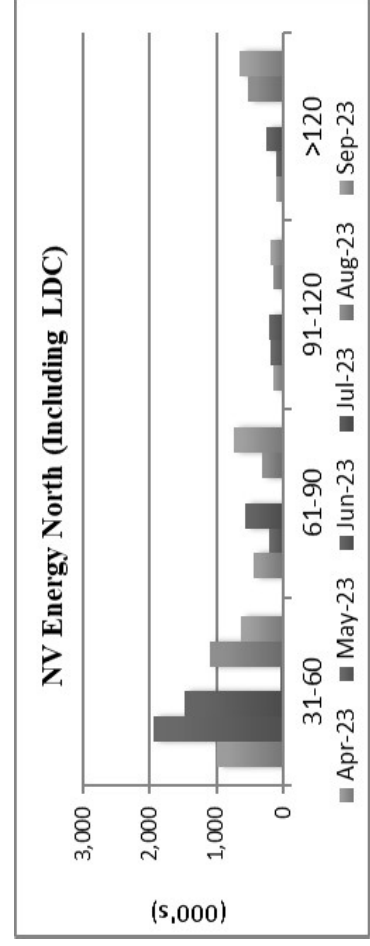
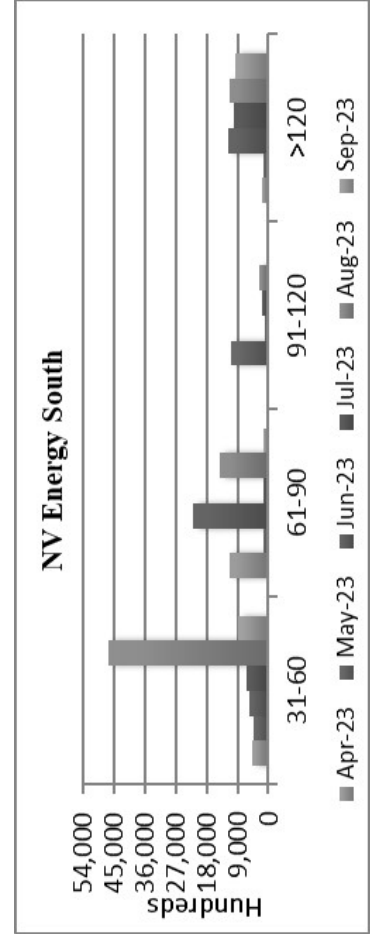
Counterparty Notification Threshold for Large Transactions

Company	Actuals	Notification Threshold		Status
NV Energy	Four transactions >\$6.0M were executed during the month. ConocoPhillips - \$10.6M/\$10.4M/\$6.1M Citadel Energy Marketing - \$31.6M	AAA to AA-	\$20.0M	●
		A+ to A-	\$15.0M	
		BBB+ to BBB-	\$10.0M	
		BB+	\$6.0M	
		Less than BB+	\$0	

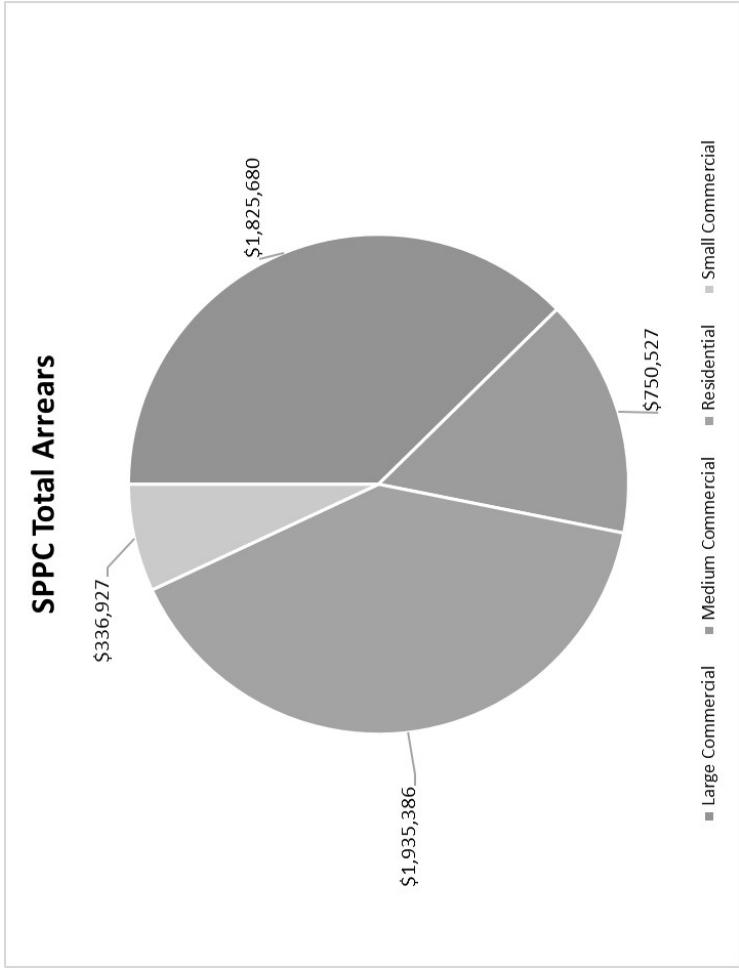
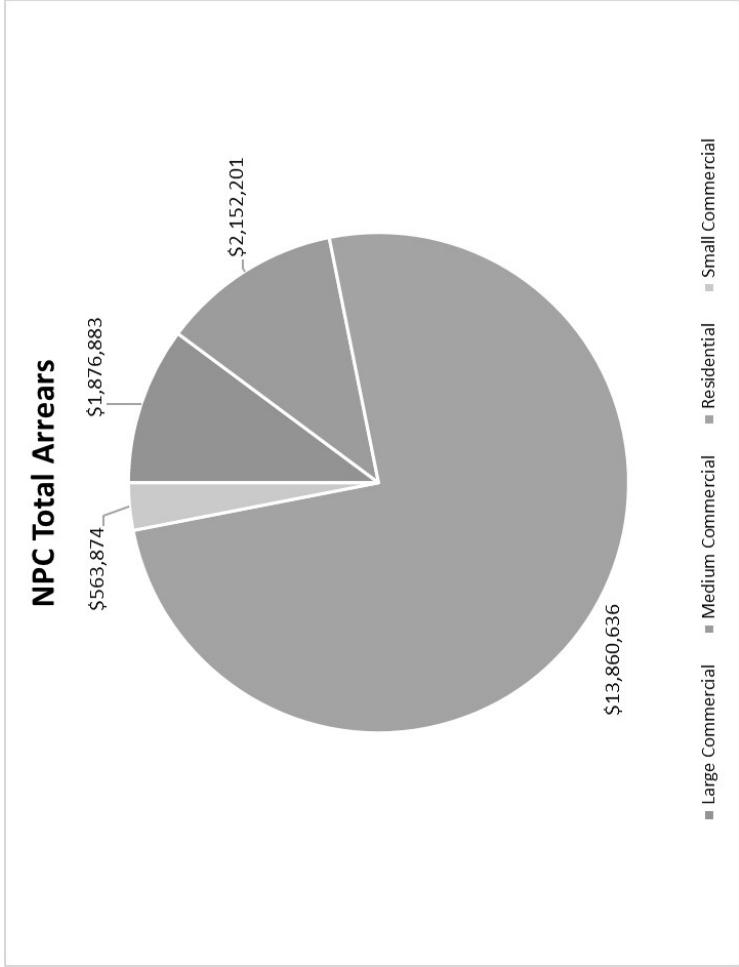
●	Notification Not Required	●	Near Notification Threshold	●	Notification Required
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Medium-Large Major Commercial Customers Arrears Balance

Company	Month	Arrears Balance (\$K)	Total Monthly Current Receivables for the Past 12 Months (\$K)	% in Arrears	Largest Arrears Balance of a Single Customer (\$K)
NV Energy South	23-Mar	1,788.91	287,966.5	0.621%	1115.0
	23-Apr	1,805.77	288,659.6	0.626%	1078.8
	23-Jun	4,040.06	293,350.8	1.377%	1375.3
	23-Jul	1,943.26	303,173.3	0.641%	1163.6
	23-Aug	7,447.46	312,948.6	2.380%	3402.0
	23-Sep	2,019.45	327,432.9	0.617%	1128.9
NV Energy North/LDC	23-Apr	1,674.63	66,134.6	2.532%	417.0
	23-May	2,452.78	73,763.2	3.325%	583.9
	23-Jun	2,509.25	82,652.8	3.036%	621.6
	23-Jul	43.23	82,761.2	0.052%	22.0
	23-Aug	2,071.70	79,681.0	2.600%	1334.4
	23-Sep	2,210.45	84,917.1	2.603%	1492.9



Medium-Large Major Commercial and Residential Arrears Balance



Data from Banner – Run date 9/30//23



Recommendations and Corrective Action

- No corrective action is necessary at this time