BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Annual Deferred Energy Accounting Adjustment Application of the Electric Division of Sierra Pacific Power Company d/b/a NV Energy for the 12-month period ending December 31, 2023, reset the Temporary Renewable Energy Development Charge, reset all components of the 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
APPEND	IX 6 – RISK COMMITTEE	
	August 16, 2023 (REDACTED)	2
	September 20, 2023 (REDACTED)	204
	October 18, 2023 (REDACTED)	246

AUGUST

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

Las Vegas: Red Rock Conference Room Reno: Virginia

Click here to join the meeting

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

		ce Portio	•	0-3461/Access code: 3032412#)		
	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 Daghlian, 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.

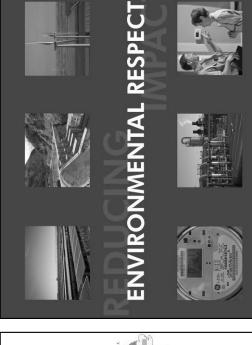
Voting Results: Motion: Michael Behrens

Second: Brandon Barkhuff Motion Approved Unanimously









ATORY INTEGRITY



Risk Committee

® Monthly Energy Supply Plan Update/Resource Planning and Analysis

August 16, 2023

Privileged and Confidential

Recommendations

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

% of Volumes Closed After	Third Quarter 2023 Procurement
Season	

Winter 2023 - 2024Summer 2024	2023 - 2024 er 2024
- 2024 24	- 2024 24



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Recommendations

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

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

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

4	June	July	August	August September	
a	250 MW	250 MW	250 MW	0 MW	
rex	168 MW	168 MW	168 MW	168 MW	
al	418 MW	418 MW	418 MW	168 MW	

R Powe Tota

- Slide 6 reflects the Unit Characteristics Table (starts cost based) updated on May 19, 2023 9
- 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). $\widehat{\circ}$
- Slide 6 reflects Tracy 3 outage in September due to environmental restrictions. চ
- Slide 6 reflects a 16% Planning Reserve Margin ("PRM") and 90 MW OATT reserve. **e**
- Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III.
- Slide 6 reflects updated in-service dates of upgrades on Clark Peakers and Sunpeaks. <u>a</u>
- Slide 6 reflects Hoover capacity update. $\overline{\mathsf{A}}$
- 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

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-
- 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.



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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



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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	Net Peak Forecast-NPC	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	Net Peak Forecast-SPPC	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	926	853	Reserves (16%)NPC	929	922	973	874
Reserves (16%)SPPC	286	298	311	258	Reserves (16%)SPPC	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	Required NVE	8,806	9,079	9,120	8,421
						0	0	0	0
Available NPC	6,057	6,502	6,610	6,325	Available NPC	6,123	6,113	6,218	6,132
Available SPPC	1,738	1,735	1,864	1,578	Available SPPC	1,623	1,621	1,648	1,526
Available NVE	7,794	8,237	8,473	7,902	Available NVE	7,746	7,734	7,867	7,658
						0	0	0	0
Long/(Open) - NPC	(294)	(263)	(322)	141	Long/(Open) - NPC	(614)	(810)	(834)	(202)
Long/(Open) - SPPC	(333)	(426)	(330)	(292)	Long/(Open) - SPPC	(446)	(532)	(420)	(561)
Long/(Open) - NVE	(633)	(689)	(713)	(150)	Long/(Open) - NVE	(1,060)	(1,345)	(1,254)	(764)
- 6	,		,	,	`	,		,	ı



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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.



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Updates to Forecasts and Procurement Nevada Power

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

		Remarks	
Load Forecast	2023 3rd IRPA Forecast		
		Change In Prices Since	
		Gas Volumes Were	Change In Prices
		Approved in February 2023	From Prior Month
Gas Price Forecast (SoCal)	Summer 2023		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	%9	7%
	Summer 2024	11%	%0
	Winter 2024 - 2025	1%	4%
Plant Maintenance / Outages	Updated as of the end of July 2023	ly 2023	

Forecast Results			
		nes Since ruary 2023	Change In Volumes From Prior Month
Aatural Gas Burns	Summer 2023		5%
e 15	Winter 2023 - 2024	%9	%9
of ?	Summer 2024	11%	2%
308	Winter 2024 - 2025	2%	5%



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	y Plan Load Forecast	
		Change In Prices Since	
		cas volumes were	Change In Prices
		Approved in February	From Prior Month
Gas Price Forecast (Malin)	Summer 2023	%6	16%
	Winter 2023 - 2024	2%	12%
	Summer 2024	%0	4%
	Winter 2024 - 2025	%9-	4%
Plant Maintenance / Outages	Updated as of the end of July 2023	July 2023	

Forecast Results			
		Approved in February 2023	Change In Volumes From Prior Month
Matural Gas Burns	Summer 2023	3%	%0
ge 1	Winter 2023 - 2024	3%	%0
6 of	Summer 2024	-5%	%0
308	Winter 2024 - 2025	1%	1%



 $\sim \sim 100$ ~ 100 Information contained in the report based on data as of July 31, 2023

Daily Physical Gas Requirements Nevada Power (MMBtu/day)

		Jan	Feb	Mar	Apr	May	Jun	Jn	Aug	Sep	Oct	Nov	Dec
2023	23												
4 2 2 3 2 3 2 3 3 3 3 3 3 3 3 3 3 3 3 3	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level Current Projection (August 2023 Risk Run)									339,000 Feb 2023 338,500 100% 356,229	328,000 Feb 2023 328,000 100% 324,933	294,000 Feb 2023 220,000 75% 303,383	346,000 Feb 2023 259,500 75% 360,129
3 Ve	Variance (Approved - Current Projection)									(17,229)	3,067	(9,383)	(14,129)
9 2024	24												
- -	(openiod) to (openiod)	000				000	000 976	424 000	000 606	000 700	000 806	000 926	225,000
- ~	Apployed (nounded to thousands) Risk Committee Approval Date	551,000 Feb 2023	zos,000 Feb 2023	zeu, uuu Feb 2023	zeo,000 Feb 2023	501,000 Feb 2023	346,000 Feb 2023	434,000 Feb 2023	593,000 Feb 2023	554,000 Feb 2023	504,000 Feb 2023	Z/6,000 Feb 2023	333,000 Feb 2023
ರ	Current Procured Volumes	0				150,000	173,000	217,000	196,500	166,500	151,500	68,500	83,500
4 Հ	Current Target Procurement Level	75%		75%	20%	20%	20%	20%	20%	20%	20%	72%	25%
ರ್ಜ	Current Projection (August 2023 Risk Run)	359,010	304,062	271,421	328,448	310,956	341,993	500,452	455,080	397,074	317,872	285,523	342,825
7 Vē	Variance (Approved - Current Projection)	(28,010)	(21,062)	(11,421)	(60,448)	(9,956)	4,007	(66,452)	(62,080)	(63,074)	(13,872)	(9,523)	(7,825)
9 2025	.55												
1. Ap	Approved (Rounded to thousands)	321,000	277,000	240,000									
2 Rį	Risk Committee Approval Date	m	Feb 2023	Feb 2023									
ರ ರ	Current Procured Volumes	_	000,69	59,500									
3 6	Current Target Procurement Level	323 703	%67	25%	970 700	205 960	406 432	E10 E71	479 GAA	200 126	220 180		
პ ი ი	Current Projection (August 2023 Risk Kun)	525,795	283,079	241,390	8/6,122	303,800	400,432	512,671	4/8,044	380,136	329, 189		
7 Vē	Variance (Approved - Current Projection)	(2,793)	(6,079)	(1,396)									

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.

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

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Sierra

Daily Physical Gas Requirements (MMBtu/day – includes electric and gas)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2023				ı				ı				
– 0 E	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes									128,000 Feb 2023 128,000	135,000 Feb 2023 135,000	157,000 Feb 2023 117,000	181,000 Feb 2023 135,500
4 &	Current Target Procurement Level Current Projection (August 2023 Risk Run)									100% 123,406	100%	75% 157,205	75% 178,617
9 1	(acitocical Designation)									7 607	(42 824)	(305)	2 383
- œ										t C C	(12,021)	(602)	2,203
	2024												
9													
=	Approved (Rounded to thousands)	175,000	174,000	155,000		116,000	122,000	146,000	140,000	129,000	124,000	148,000	176,000
12	Risk Committee Approval Date	Feb 2023	Feb 2023	Feb 2023		Feb 2023	Feb 2023	Feb 2023	Feb 2023	Feb 2023	Feb 2023	Feb 2023	Feb 2023
13	Current Procured Volumes	130,500	130,000	115,500	63,000	57,500	61,000	72,500	70,000	64,000	62,000	36,500	43,500
4	Current Target Procurement Level	75%	75%	75%		20%	20%	%09	%09	20%	%09	25%	25%
5,4	Current Projection (August 2023 Risk Run)	178,944	180,458	170,901	73,450	110,056	117,081	152,740	147,038	136,868	123,049	152,457	185,155
2 1	Variance (Approved - Current Projection)	(3.944)	(6.458)	(15.901)	52.550	5.944	4.919	(6.740)	(7.038)	(7.868)	951	(4.457)	(9.155)
: @				()) () ()	Î	: : : :	i i	(2(2.)		(2)		(: : : : : : : : : : : : : : : : : : :	(1)
19	2025												
20													
21	Approved (Rounded to thousands)	174,000	174,000	151,000									
22	Risk Committee Approval Date	Feb 2023	Feb 2023	Feb 2023									
23	Current Procured Volumes	43,000	43,000	37,500									
54	Current Target Procurement Level	72%	25%	25%									
25 26	Current Projection (August 2023 Risk Run)	173,247	172,042	147,942	118,811	114,030		124,520 147,383	144,887	123,309	112,244		
27	Variance (Approved - Current Projection)	753	1,958	3,058									

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 gas the daily market or during bid week as the daily market



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

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

Estimated Burn Days	pany Share Only)		43 days as of July 31, 2023	(Assumes daily burn	of 3,000 tons(1))
End of Month Inventory Level (Tons), Including Trains in Transit	Valmy (Sierra Pacific Power Company Share Only)	129,043	179,924	192,261	47,294
Month		Jul 2023	Jun 2023	May 2023	Apr 2023

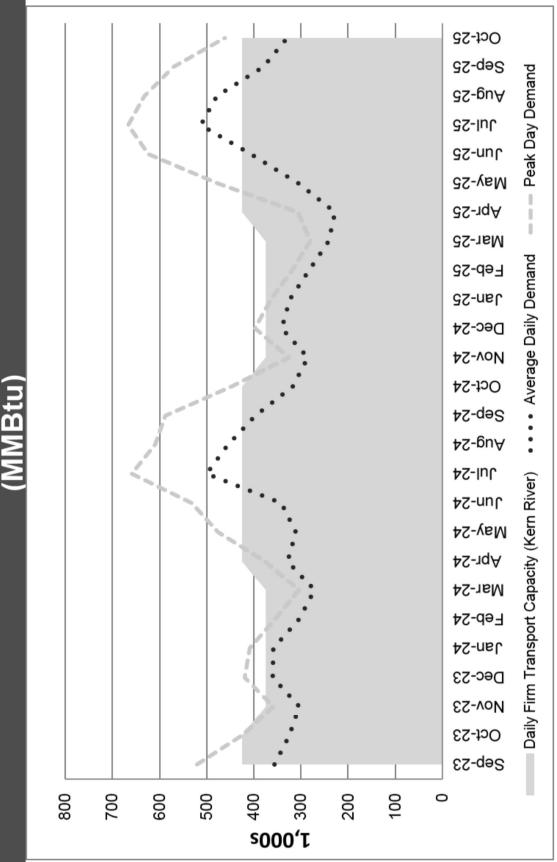
⁽¹⁾ Burn days for each plant are based on 90% capacity burn



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Technical Appendix

Gas Demand Versus contracted Kern River Transport Capacity **Nevada Power**



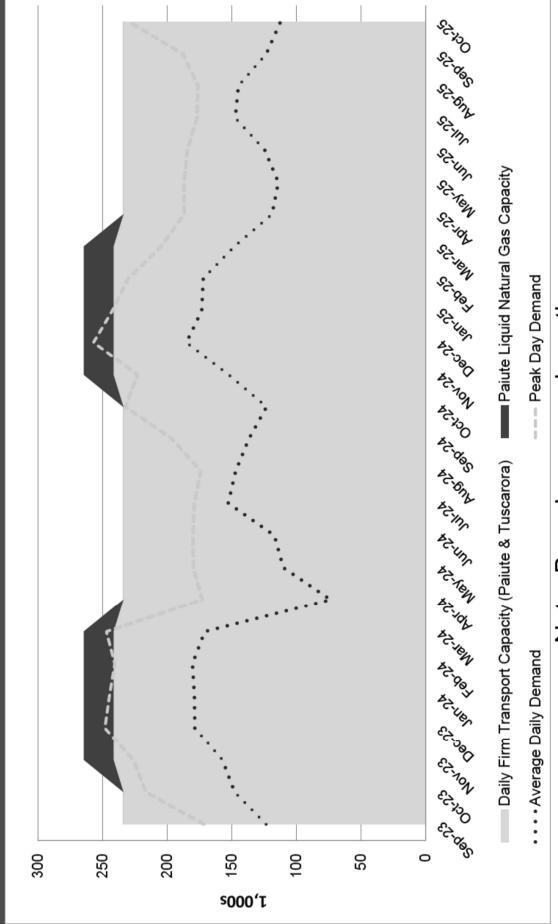
Note: Based on normal weather



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

Gas Demand Versus Transport Capacity Sierra (electric and gas)





Note: Based on normal weather



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

Natural Gas Price Forecasts **Nevada Power**

SoCal Gas Price Forecast (dollars per MMBtu)

Delivery Month



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

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Power Price Forecasts Nevada Power

Mead Power Price Forecast (dollars per MWh)

- August 2023 Forecast - On-Peak

Approved (February 2023) - On-Peak

Approved (February 2023) - Off-Peak

Delivery Month



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

Natural Gas Price Forecasts Sierra

Malin Gas Price Forecast (dollars per MMBtu)

— Approved Feb-23

Delivery Month



 \sim NVENergy information contained in the report based on data as of July 31, 2023

Sierra

Power Price Forecasts

Northern Nevada Power Price Forecast (dollars per MWh)

 Approved (February 2023) - Off-Peak - August 2023 Forecast - Off-Peak -Approved (February 2023) - On-Peak -August 2023 Forecast - On-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 area ¹.

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,

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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

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- 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.
- 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.

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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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.

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

Transportation

Agreement

A contract to move electricity from one point to another. Such contracts are frequently referred to as "wheeling" agreements.

A contract to move coal, natural gas, or oil from one point to

Agreement 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;

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- 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

	Commodity											
	Power		Natu	ral	Coal		Oil, I	Diesel,	SO2		Car	bon
			Gas				Prop	ane	Allow	ances	Allow	ances
Instrument	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
			Financ	ial Inst	rumen	ts						
Forwards	X	X	X	X			X				X	X
Options	X	X	X	X			X					
Swaps	X	X	X	X			X					
			Physic	cal Pro	ducts a	nd Inst	trumen	ts				
Spot	X	X	X	X	X	X	X	X			X	X
Agreements												
Fixed Price	X	X	X	X	X	X	X	X	X	X	X	X
Agreements												
Indexed	X	X	X	X	X	X	X	X			X	X
Agreements												
Ancillary	X	X										
Services												
Options	X	X	X									
(includes												
capacity												
contracts)												
Transmission	X	X										
Agreements												
Transportation			X	X	X	X	X					
Agreements												
Storage			X	X								
Agreements												

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

	Pov	ver	N	atura Gas	al	Oi Die Prop	sel,	C	oal	Fin	ancial 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		Credits/R	Energy Renewable 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			X	
Programs	X	X		
(Amendments/Settling				
disputes only)				

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)

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 ^{[1],[2]}	\$12,500,000	

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Director, Trading Analytics & Operations: [3]	\$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 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.

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	\$25,000,000
Financial Officer and Treasurer	
Vice President, Resoucre	\$12,500,000
Optimization l	
_	

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:

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^{*} 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

⁴ Applies to transactions longer than one month

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

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	Modified Existing Policy.
	1. Updated titles of personnel. Replaced "Mid-American Energy Holdings Company" with "Berkshire Hathaway Energy Company".
	2. Modified language regarding the Risk Committee's reviewing and approving Energy Supply Plans and any exceptions to the Energy Supply Plans.
	3. Added the definition of "Bookout" and language clarifying which types of "Bookout" transactions are permitted. Made a distinction between standard and non-standard transactions.
	4. Clarified when power transactions must be confirmed in writing.
	5. Added clarifying language that the Risk Committee is responsible for approving any exceptions to the Energy Supply Plan.
	6. Added the management of margining requirements as a Credit Risk Management responsibility.
	7. 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.

	 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: 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	 Modified Existing Policy: Changes were made throughout the document to fix references to the appendices. Replaced the acronyms, RECs, PECs, PUCN, WSPP, and CAISO with their full wording. Added Renewable Energy Credit and Portfolio Energy Credit to the terms defined in Appendix A (Definitions). 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. Removed the Chief Executive Officer of Berkshire Hathaway Energy Company as the top level commitment threshold notification for fuel and purchase power transactions. 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	Modified Existing Policy: 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	Modified Existing Policy: 1. Updated titles of personnel.

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 Modified the existing table in Appendix D, section B to pertain to Standard and Non-standard transactions under approved Energy Supply Plans. Modified the existing table in Appendix D, section C to pertain to Non-standard transactions under approved Energy Supply Plans. 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.
 Modified Existing Policy: Updated the Energy Risk Management and Control Policy to include organizational changes made since the policy was last approved on June 17, 2015. Added propane and portfolio energy credits to the definition of approved commodity. Modified the definition of Portfolio Energy Credit. Changed Renewable Energy Credit to Renewable Energy Benefit. Moved the footnotes reference (3, 4, and 5) to the appropriate page.
Modified Existing Policy: 1. Updated titles of personnel 2. Replaced CEO with President
Modified Existing Policy: 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
 Modified Appendix A – Approved Commodity; added; Renewable energy credits that fall outside the definition of portfolio energy credits. Modified Renewable and Origination responsibilities 3rd bullet to read: Facilitating Request for Proposal (RFPs) for nonstandard 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
 Modified Existing Policy: Deleted Senior Vice President, Operations throughout policy Change page 24 to 25 on table on content Added "in accordance with section V.D.2" and deleted by the Risk Committee and President (page 3) 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) 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)

	6. Removed "A" in front of Risk Committee (pg 13)
July 21, 2021	 Modified Existing Policy: Replaced Manager, Market Operations and Trading with Manager, Power & Gas Trading Replaced Project Manager, Forward Trading with Power Trader Replaced Manager, Coal Operations and Procurement with Resource Optimization Manager Replaced Vice President, Resource Optimization with Director, Trading Analytics & Operations Added a dollar limit in Section F for Director, Trading Analytics & Operations to \$7, 500.000 Added Section D Power and Natural Gas Trading Limits to Appendix E Updated the CEO and CFO dollar thresholds Added Resource Optimization Manager and Traders to Section F with \$5M and \$1M dollar limits respectfully
November 17, 2021 December 14, 2022	 Modified Existing Policy: Updated title of Manager, Contract Management with Director, Contract Management and updated dollar limits for RFP and daily trades Revised a Risk Control responsibility to be consistent with the corresponding SOX control Updated titles Moved several responsibilities from the Renewables section to Contract
August 1, 2023	Management's section 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,

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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

- 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

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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.

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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.

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.

- 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.

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- 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.

- 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.
- 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 Page 7 of 25

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.
- 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 Acknowledgement 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.

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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

Represents the property rights to the environmental, societal, and Benefits

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 A contract to move electricity from one point to another. Such Agreement

contracts are frequently referred to as "wheeling" agreements.

Transportation A contract to move coal, natural gas, or oil from one point to Agreement another.

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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.

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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;

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- 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.

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Appendix D: Resource Procurement and Sale Constraints

A. Approved Financial Instruments and Physical Products

	Commodity											
	Power		Natu	ral	Coal		Oil, l	Diesel,	SO2		Car	bon
			Gas				Prop	ane	Allow	ances	Allow	ances
Instrument	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
			Financ	ial Inst	rumen	ts						
Forwards	X	X	X	X			X				X	X
Options	X	X	X	X			X					
Swaps	X	X	X	X			X					
			Physic	cal Pro	ducts a	nd Inst	trumen	its				
Spot	X	X	X	X	X	X	X	X			X	X
Agreements												
Fixed Price	X	X	X	X	X	X	X	X	X	X	X	X
Agreements												
Indexed	X	X	X	X	X	X	X	X			X	X
Agreements												
Ancillary	X	X										
Services												
Options	X	X	X									
(includes												
capacity												
contracts)												
Transmission	X	X										
Agreements												
Transportation			X	X	X	X	X					
Agreements												
Storage			X	X								
Agreements												

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.

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

	Pov	ver	N	atura Gas	al	Oi Die Prop	sel,	C	oal	Fin	ancial ³	SO2	Carbon
	Commodity	Transmission	Commodity	Transportation	Storage	Commodity	Freight	Commodity	Freight	Swaps	Options	Allowances	Allowances
Director, Gas Trading	X	<u>X</u>	X	X	X	X	X	X	X	X	<u>X</u>	<u>X</u>	<u>X</u>
Director, Power Trading	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	X	X	<u>X</u>
Manager, Gas Trading	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	X	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>	X	<u>X</u>	<u>X</u>
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

	Renev Power QI	r and	Credits/R	Energy Renewable Credits	Power		
	Buy Sell Buy		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 Page 18 of 25

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

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 ^{[1] [2]}	\$12,500,000	

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Director, Trading Analytics & Operations (31)	\$7,500,000	
Director, Contract Management and Special Programs (Amendments/Settling disputes only)	\$7,500,000	
Director, Gas Trading	<i>\$7,500,000</i>	
Director, Power Trading	<i>\$7,500,000</i>	
Manager, Gas Trading	<i>\$5,000,000</i>	
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.

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	\$25,000,000
Financial Officer and Treasurer	
Vice President, Resoucre	\$12,500,000
Optimization l	
_	

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:

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^{*} 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

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	Modified Existing Policy
	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
	4 Clarified when power transactions must be confirmed in writing 5 Added clarifying language that the Risk Committee is responsible for approving any exceptions to the Energy Supply Plan 6 Added the management of margining requirements as a Credit Risk Management responsibility 7 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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Revisions Approved by the Risk Committee on $\frac{December 14,2022 \underline{August 16,2023}}{2000}$ ERMCP08 $\frac{1623}{1121}$

December 16, 2014	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: • 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 Modified Existing Policy: 1 Changes were made throughout the document to fix references to the appendices 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
June 3, 2015	Modified Existing Policy: 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	Modified Existing Policy: 1 Updated titles of personnel

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Revisions Approved by the Risk Committee on $\underline{\text{December } 14,2022}\underline{\text{August } 16,2023} \quad \text{ERMCP08}\underline{1623}\underline{1121}$

NV Energy, Energy Risk Management and Control Policy

	Modified the existing table in Appendix D, section B to pertain to Standard and Non-standard transactions under approved Energy Supply Plans Modified the existing table in Appendix D, section C to pertain to Non-standard transactions under approved Energy Supply Plans 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	Modified Existing Policy: 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	Modified Existing Policy: 1 Updated titles of personnel 2 Replaced CEO with President
December 19, 2018 December 4, 2019	Modified Existing Policy: 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 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 • 3rd bullet to read: Facilitating Request for Proposal (RFPs) for nonstandard 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	Modified Existing Policy: 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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Revisions Approved by the Risk Committee on $\frac{December 14,2022 \underline{August 16,2023}}{2000}$ ERMCP08 $\frac{1623}{1121}$

NV Energy, Energy Risk Management and Control Policy

	6 Removed "A" in front of Risk Committee (pg 13)
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July 21, 2021	 Modified Existing Policy: Replaced Manager, Market Operations and Trading with Manager, Power & Gas Trading Replaced Project Manager, Forward Trading with Power Trader Replaced Manager, Coal Operations and Procurement with Resource Optimization Manager Replaced Vice President, Resource Optimization with Director, Trading Analytics & Operations Added a dollar limit in Section F for Director, Trading Analytics & Operations to \$7, 500 000 Added Section D Power and Natural Gas Trading Limits to Appendix E Updated the CEO and CFO dollar thresholds Added Resource Optimization Manager and Traders to Section F with \$5M and \$1M dollar limits respectfully
November17, 2021	Modified Existing Policy: 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	1 Updated titles
	2 Moved several responsibilities from the Renewables section to Contract
	Management's section
August 1, 2023	Changed titles to allow for either Director or Manager of Power and/or Gas
August 1, 2023	
1	Trading consistent with the reorganization and leadership title changes in
	Resource Optimization

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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).

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Revisions Approved by the Risk Committee on December 14, 2022 August 16, 2023 ERMCP0816231121

NV Energy, Energy Risk Management and Control Policy
Printed Name
Signature
Date
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Revisions Approved by the Risk Committee on December 14, 2022 August 16, 2023 ERMCP08 1623 1121

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;

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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;
 - o 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 buysell 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 exceeded 1, 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.

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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.

Appendix A: Approval Guidelines per Transaction

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 ^{[1],[2]}	\$12,500,000
Director, Trading Analytics & Operations ^{3,[3]}	\$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 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

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	Modified existing policy			
	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:			
	 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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Revisions approved by the Risk Committee on August 16, 2023

December 18, 2019	 Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics Updated the Gas Activity Lead Matrix table in Appendix B Removed the Roles and Responsibilities table in Appendix B Added a policy revision log Modified existing policy Updated titles and department names Modified the organization framework language and responsibilities: 	
	 Updated the Gas Activity Lead Matrix table in Appendix B Removed Commercial Trading and Strategy 	
	Added Trading Operations	
November 16, 2021		
December 14, 2022	Modified existing policy 1. Updated title changes through-out the procedures 2. Increased CEO's threshold to \$100,000,000	
August 16, 2023	Modified existing policy 1. Updated title changes through-out the procedures	

NV ENERGY

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

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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;

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- 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:

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- If additional transactions with the supplier would cause limits set forth in the Energy Risk Management and Control Policy to be exceeded ¹; 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 instruments ² 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.

Revisions approved by the Risk Committee on August 16, 2023

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 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.

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- 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.

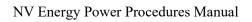
Appendix A: Approval Guidelines per Transaction <i>Title</i>	Limit – RFPs and Daily Trades*	
Chief Executive Officer, Berkshire Hathaway Energy Company	Unlimited	
Chief Executive Officer	\$100,000,000	
Senior Vice President, Chief Financial Officer and Treasurer	\$25,000,000	
Vice President, Resource Optimization ^{[1],[2]}	\$12,500,000	
Director, Trading Analytics & Operations ^{3,[3]}	\$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 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.

 $^{^{{\}scriptsize [1]}}$ 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)	
Date December 22, 2014	Modified the title page and the table of contents page Modified the introduction language Updated titles and department names Modified the organization framework language and responsibilities: • 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 Modified the confirmation language and referenced adherence to the WSPP Agreement and the Energy Risk Management and	
December 18, 2019	Control Policy. 6. Added a policy revision log Modified existing policy 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: • 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	Modified existing policy 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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	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. <u>Introduction</u>

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 season 1 (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.

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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 Page 4 of 20

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

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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.

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	Criteria for Position at Risk Analysis			
		(regarding potential transactions)	
	Probability level Capacity Position after Forwardness of transaction			
	Transaction			
14	1^4 80% > 0 MW 1st gas season			
2	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 Forwardness of transaction		
		Benefits after	
	Transaction		
15	Higher of 68% or the	> \$0	All gas seasons
	p-level in which the		
	gain/loss ratio equals		
	7:1		

C. Stand-alone Valuation

The Companies reserve the right not to enter into a transaction if the Companies' standalone valuation of the transaction 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 Page 11 of 20

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	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 Page 12 of 20

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.

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- **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 plan ⁷ 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;

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.

Bids that are late or incomplete may be rejected without further evaluation. Page 15 of 20

- 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.

Appendix B: Opportunity Analysis Form

Date:	
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.

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Appendix C: Procedure Revision Log

Date	Revision(s)
[need date]	Modified Existing Policy.
	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	Modified existing policy
	Updated titles and department names
	2. Modified the organizational framework language and responsibilities:
	 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	Modified existing policy
	1. Updated titles

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Revisions approved by the Risk Committee on December 14, 2022 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

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

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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.,:
 - 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;

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- Submitting resource plans representing the Companies' hourly level demand forecasts;
- 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:

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- 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

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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 Page 9 of 16

- 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.

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- 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.

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- 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.

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Appendix A: Approval Guidelines per Transaction 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 ^{[1],[2]}	\$12,500,000
Director, Trading Analytics & Operations ^{3,[3]}	\$7,500,000
Director, Contract Management and Special Programs (Amendments/Settling disputes only)	\$7,500,000
Director, Gas Trading	<u>\$7,500,000</u>
<u>Director, Power Trading</u>	<u>\$7,500,000</u>
Manager, Gas Trading	<u>\$5,000,000</u>
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.

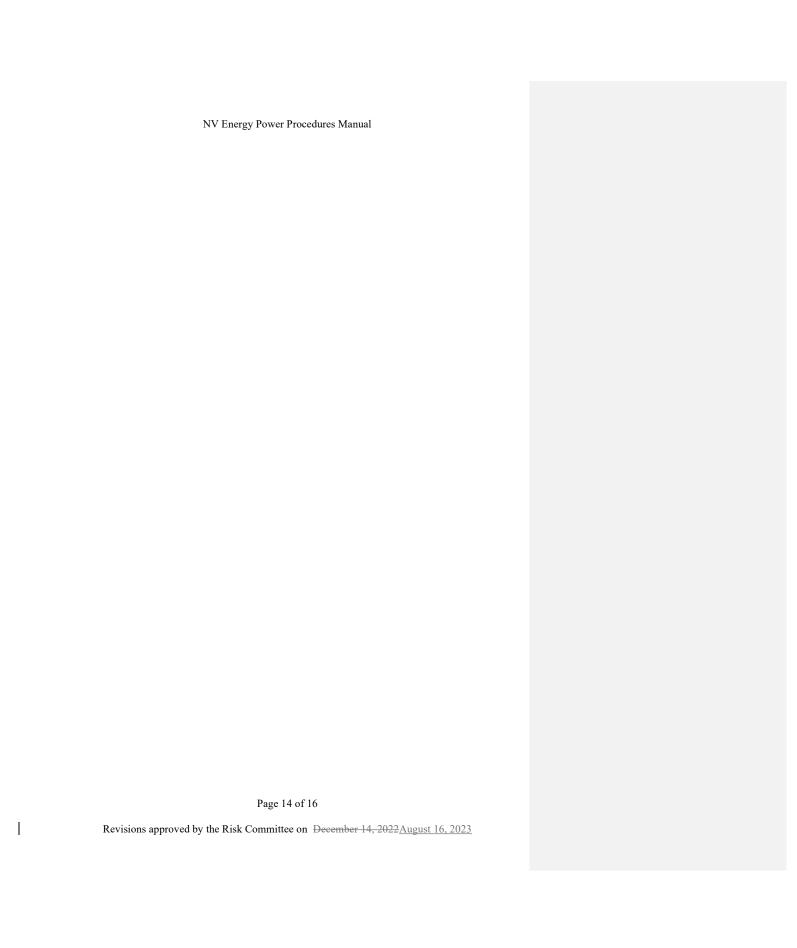
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^{*} To ensure reliability, approvals of daily trades may happen after trade execution.

^[1] Applies to transactions longer than one month

 $^{^{\}hbox{\scriptsize [2]}}$ Applies to transactions pertaining to the table in Appendix D, Section C

 $^{^{{\}scriptsize [3]}}$ Applies to transactions pertaining to the table in Appendix D, Section B



Appendix B: Policy Revision Log

Date	Revision(s)
Date December 22, 2014	Revision(s) Modified existing policy 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: • 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
D 1 10 2010	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	Modified existing policy 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: • 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	Modified existing policy 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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	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	-

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NV ENERGY	
FORWARD POWER SALES PROCEDURES MANUAL	
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Revisions approved by the Risk Committee on December 14, 2022August 16, 2023	

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I. <u>Introduction</u>

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.

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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 Page 4 of 20

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. Page 8 of 20

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.

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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	Forwardness of transaction	
		Benefits after		
	Transaction			
1 ⁵	Higher of 68% or the	> \$0	All gas seasons	
	p-level in which the			
	gain/loss ratio equals			
	7:1			

C. Stand-alone Valuation

The Companies reserve the right not to enter into a transaction if the Companies' standalone 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 \$0.000 to 1.000 to 1.00

⁶ For the stand alone valuation, the Companies' will use financial or other modeling tools Page 11 of 20

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 s						

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 Page 12 of 20

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.

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- **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 plan 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.

Bids that are late or incomplete may be rejected without further evaluation. Page 15 of 20

- 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

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

Accounting: Describe any accounting or ASC 815 considerations here.

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Appendix C: Procedure Revision Log

Date	Revision(s)		
[need date]	Modified Existing Policy		
	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	Modified existing policy		
	Updated titles and department names		
	2 Modified the organizational framework language and responsibilities:		
	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	Modified existing policy		
	1 Updated titles		

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NV Energy Natural Gas Procedures Manual	
NV ENERGY	
NATURAL GAS PROCEDURES MANUAL	
December 14, 2022 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;

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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;
 - o 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 buysell 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.

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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.

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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*
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 ^{[1],[2]}	\$12,500,000
Director, Trading Analytics & Operations ^{3,[3]}	\$7,500,000
Director, Contract Management and Special Programs (Amendments/Settling disputes only)	\$7,500,000
Director, Gas Trading	<u>\$7,500,000</u>
Director, Power Trading	<u>\$7,500,000</u>
Manager, Gas Trading	<u>\$5,000,000</u>
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.

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

 $^{^{\}hbox{\scriptsize [1]}}$ 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

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	Орегинопо	gement	X		T Indi y tres
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	Modified existing policy	
	1. Modified the title page and the table of contents page	
	2. Modified the introduction language	
	Updated titles and department names	
	4. Modified the organization framework language and	
	responsibilities:	
	 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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December 18, 2019	Moved the Transaction and Market Analysis responsibilities to Portfolio Analytics Updated the Gas Activity Lead Matrix table in Appendix B Removed the Roles and Responsibilities table in Appendix B Added a policy revision log Modified existing policy Updated titles and department names Modified the organization framework language and responsibilities: 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 Removed Commercial Trading and Strategy Added Trading Operations
November 16, 2021	Modified existing policy 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 August 16, 2023	Modified existing policy 1. Updated title changes through-out the procedures 2. Increased CEO's threshold to \$100,000,000 Modified existing policy
August 10, 2023	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

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

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

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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.

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- Enforce appropriate and consistent actions against violators.
- Assess and improve relevant controls.
- o 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,

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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.

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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

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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.

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- 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:
 - o Susceptibility to misstatement due to errors or fraud
 - o Volume and complexity of activity
 - o Level of inconsistent, unusual, or non-recurring transactions
 - o 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 <u>information technology (IT)</u> 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 <u>IT</u> computer controls that contribute to ensuring the financial statements are fairly stated are documented within <u>WdeskAuditBoard</u>, a cloud-based <u>audit</u>, <u>risk</u>, <u>and complianceworkflow and content</u> 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

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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 Tthe 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

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

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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 implementsing an effective compliance program to promote an ethical culture and to prevent illegal, unethical, fraudulent or improper conduct.

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Anti-Fraud Program Policy

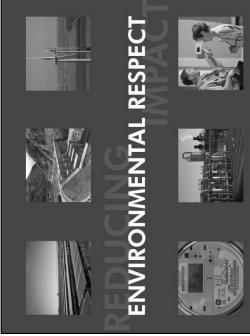
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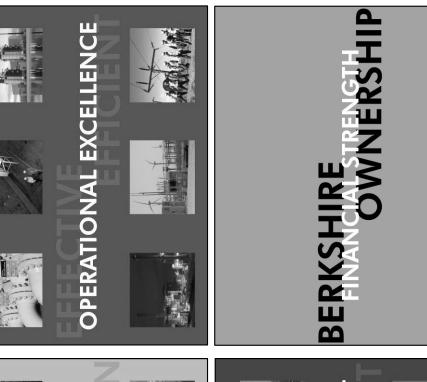
Version #	Date	Action Performed	Updated <u>Reviewed By</u>	Approved By
1	8/21/14	Created	Diana Kangas Katie Hampton	Kevin Bethel Mary Hausman
2	11/26/14	Updated all department references from "HR ethics and corporate compliance" to "ethics and HR compliance". Two minor wording changes in the <i>Whistleblower 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>	Review with minor formatting and content edits.	John Lind Daniel Morley Risk Committee	Mike Behrens

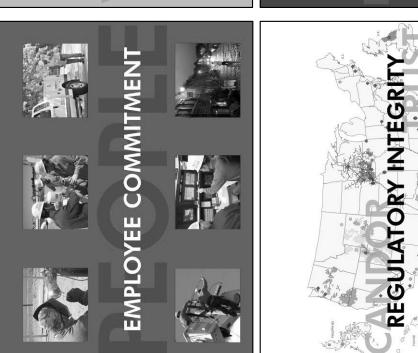
Page **8** of **8** For Internal Use Only











Risk Committee

Report Control Report

Privileged and Confidential

August 16, 2023

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 0

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

0

- 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+ - I IIE WEIGHTEG AVERAGE CREGIT FATING OF THE



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

Status									
Actuals			NV Fnerov South 1 648-Transactions	NV Energy North 185-Transactions	Total 1,833-Transactions ¹	Toward Thomas actions the second	Deal		
	Manager Contract Management	(Amendments/Settling disputes only)	Manager, Market Operations and Trading,	Vice President, Resource Optimization	Vice President, Renewable & Origination	Vice President, Chief Financial Officer	Chief Executive Officer	Chief Executive Officer, Berkshire Hathaway	Energy Company
Notification Threshold	NO 50/	MO.C&<	≥\$5.0M	≤\$12.5M	<\$12.5M	<\$25.0M	<\$50.0M	Thimital	
Entity					N	Energy		•	

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
	<\$12.5M	Vice President, Resource Optimization		
NV	<\$25M	Vice President, Chief Financial Officer		
Energy	<\$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	Notifi Thresho	Notification Threshold (\$m)	Notification Est. BTER Threshold (\$m) Costs (\$m)	Est. BTER Cumulative Revenue Mark-to- (\$m) Base (\$m)	Cumulative Mark-to- Base (Sm)	Status	Status Cumulative Mark-to- to-Base Change Base (\$m) (\$m)	Monthly Mark- to-Base Change (\$m)	Status
	NV Energy Jan 23- South Dec 23	80	CEO	1,845.3	(1,933.6)	(88.3)		(127.8)	39.6	•
· .	NV Energy Jan 23- North Dec 23	20	СЕО	495.5	(609.1)	(113.6)		(125.3)	11.7	•
	NV Energy Jan 23- LDC Dec 23	10	CEO	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	69860.0\$	\$0.08990	\$0.08776	\$0.06861
NVE-S Non-residential	\$0.09800	\$0.09098	\$0.08767	\$0.06476
NVE-N	\$0.0690	\$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.

Near Notification Threshold

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Notification Required



Notification Not Required

Portfolio Notification Thresholds

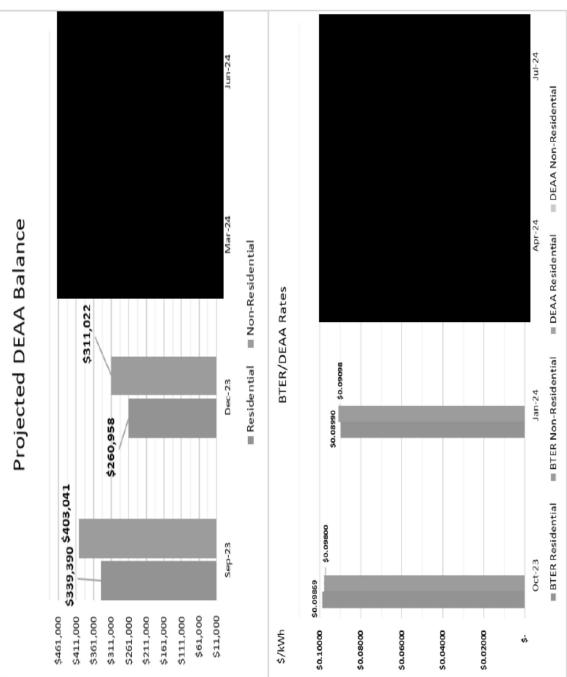
/AR Status			
Next 12 months VAR (\$m)	139.3	51	37.6
Est. BTER costs for the Test Period (\$m)	1,845.3	495.5	143.9
VaR Notification Threshold (\$m)	100	09	20
Company	VV Energy South	VV Energy North	VV Energy LDC

Notification Required	
Near Notification Threshold	
Notification Not Required	



REDACTED PUBLIC VERSION

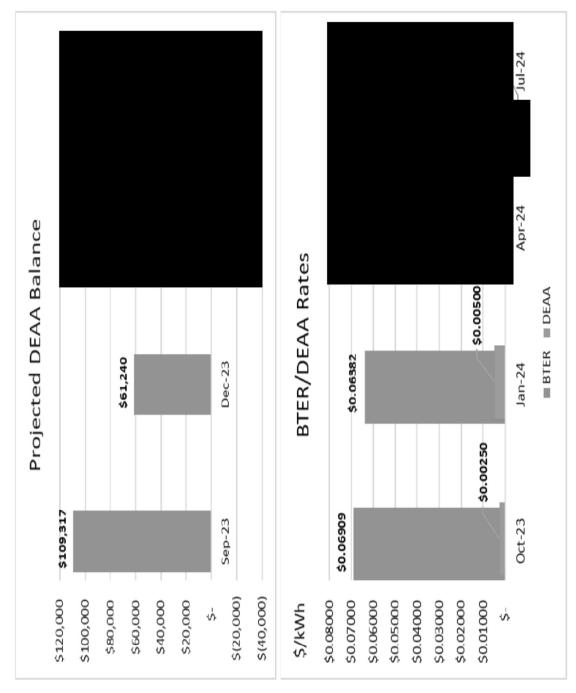
Base Tariff Energy Rates and DEAA Balances -**NPC Electric**



Negative = over collection Positive = under collection

REDACTED PUBLIC VERSION

Base Tariff Energy Rates and DEAA Balances – **SPPC Electric**



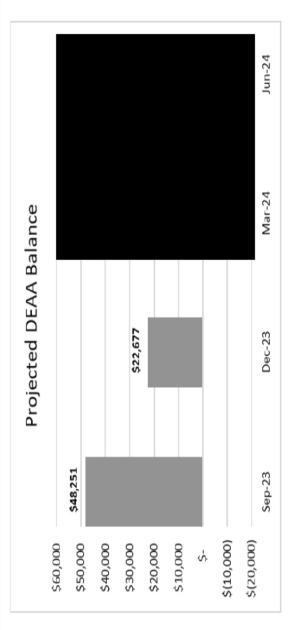


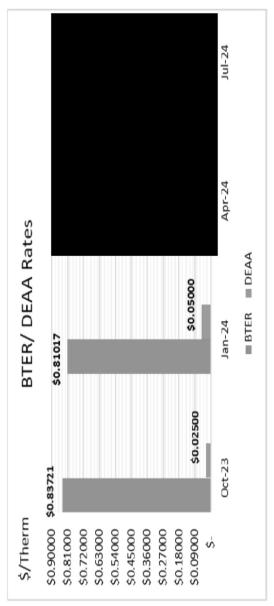
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Negative = over collection Positive = under collection

Negative = over collection Positive = under collection

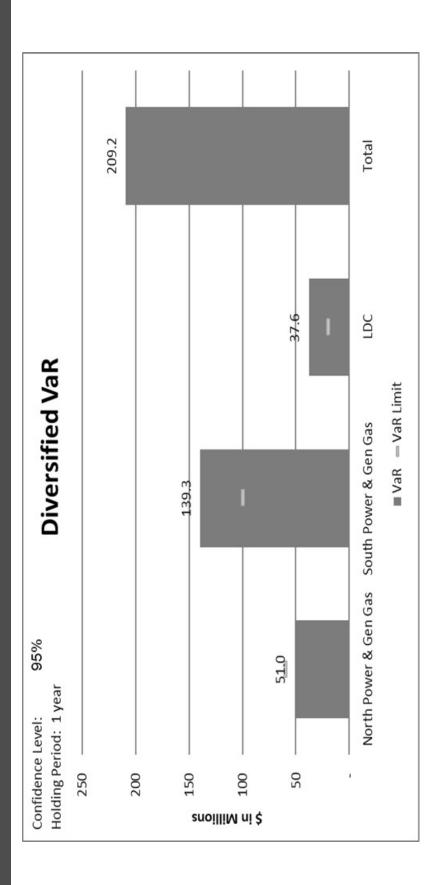
Base Tariff Energy Rates and DEAA Balances -SPPC LDC







Portfolio Value-at-Risk Charts

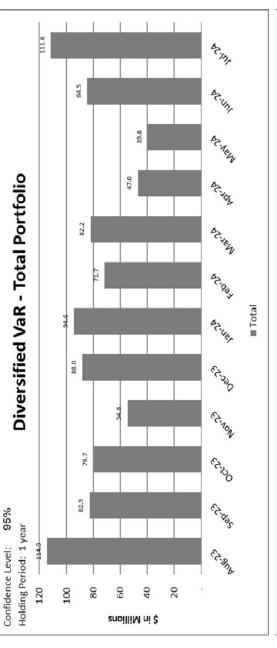


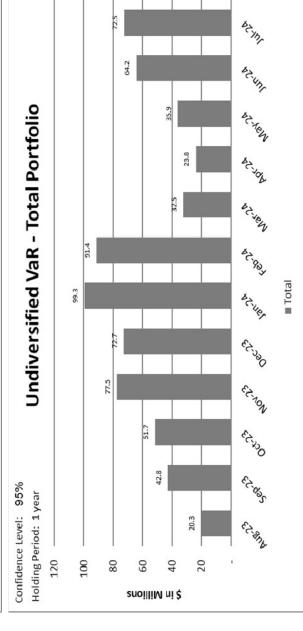
Value-at-Risk
(also referred to as Cash-Flow-at-with Risk when used in analyzing liquidity requirements)

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	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 Th	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 Required	
Near Notification Threshold	
Notification Not Required	

^{*} 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	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	NV Energy No transactions >\$6.0M were executed	AAA to AA-	\$20.0M	
	during the month.	A+ to A-	\$15.0M	
				•
		BBB+ to BBB-	\$10.0M)
		BB+	\$6.0M	
		Less than BB+	0\$	



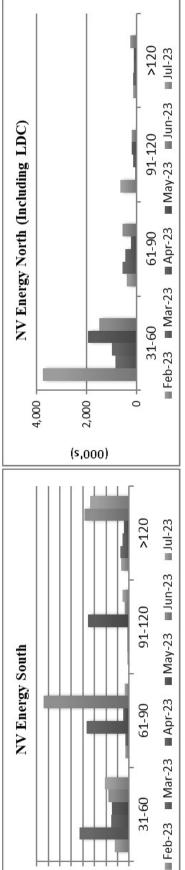
Notification Not Required

Notification Required

Near Notification Threshold

Medium-Large Major Commercial Customers Arrears Balance

Company	Month	Arrears Balance (SK)	Total Monthly Current Receivables for the Past 12 Months (\$K)	% in Arrears	Largest Arrears Balance of a Single Customer (\$K)
	22-Dec	738.39	272,408.8	0.271%	219.0
	23-Feb	1,649.91	280,906.3	0.587%	1168.5
NV Energy	23-Mar	1,788.91	287,966.5	0.621%	1115.0
South	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-Feb	4,907.73	66,672.6	7.361%	3011.8
	23-Mar	1,584.44	68,225.1	2.322%	417.8
NV Energy	23-Apr	1,674.63	66,134.6	2.532%	417.0
North/LDC	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







31-60

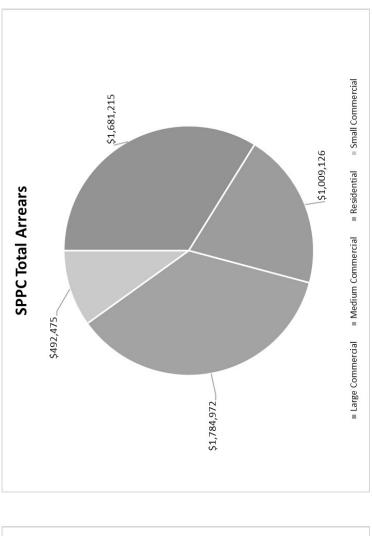
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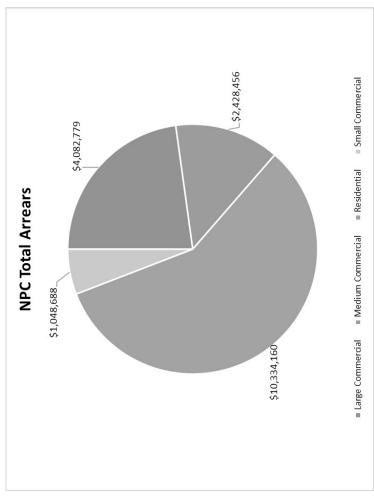
Hundreds 24,000 24,000 24,000 22,000 36,0000

15

Medium-Large Major Commercial and Residential

Arrears Balance







16

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.

Las Vegas: Red Rock Conference Room Reno: Virginia

Click here to join the meeting

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

		ice Portio	•	0-3401/ Access code. 3032412#)		
	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 Daghlian, 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

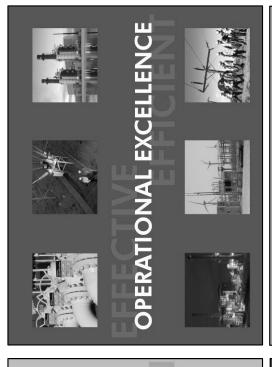
during the month of August. The cumulative mark-to-base figures were below the notification thresholds, and the Value-at-Risk was above the notification threshold. No forward power sales were transacted on, but the Company continues to transact forward purchases. It was pointed out that all of the entities were currently under collecting and were not projected to over collect until May 25 and September 26 for NPC, residential and non-residential

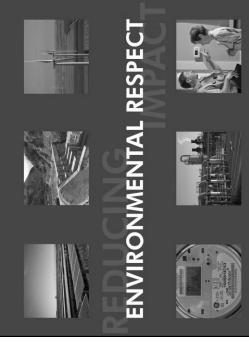
respectively, April 24 for SPPC, and March 2024 for LDC.

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.









ATORY INTEGRITY



Risk Committee

Monthly Energy Supply Plan Update/Resource Planning and Analysis

September 20, 2023

Privileged and Confidential

Recommendations

- Energy North and South (as shown on slides 10 and 11, highlighted in yellow) as Recommend no changes to the approved physical gas volumes for both NV 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
- recommendation for new target volumes to be presented to the Risk Committee The next natural gas request for proposal is first quarter of 2024, with the



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Recommendations

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

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

2024	June	July	August	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

September	0 MW
August	0 MW
July	0 MW
June	0 MW
ъ	

- Slide 6 reflects the Unit Characteristics Table (starts-cost based) updated on May 19, 2023 9
- 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) $\widehat{\circ}$
- Slide 6 reflects Tracy 3 outage in September due to environmental restrictions. চ
- Slide 6 reflects a 16% Planning Reserve Margin ("PRM") and 90 MW OATT reserve. е
- Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III. 4
- Slide 6 reflects the following assumptions for Valmy 1 and 2: **a**
- 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.

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

Mevada 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-
- 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.



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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



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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	Net Peak Forecast-NPC	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	Net Peak Forecast-SPPC	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	926	853	Reserves (16%)NPC	929	955	973	874
Reserves (16%)SPPC	286	298	311	258	Reserves (16%)SPPC	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	Required NVE	8,806	9,079	9,120	8,421
						0	0	0	0
Available NPC	6,057	6,502	6,610	6,325	Available NPC	6,123	6,113	6,218	6,132
Available SPPC	1,738	1,735	1,864	1,578	Available SPPC	1,623	1,621	1,648	1,526
Available NVE	7,794	8,237	8,473	7,902	Available NVE	7,746	7,734	7,867	7,658
						0	0	0	0
Long/(Open) - NPC	(294)	(263)	(322)	141	Long/(Open) - NPC	(614)	(810)	(834)	(202)
Long/(Open) - SPPC	(333)	(426)	(390)	(292)	Long/(Open) - SPPC	(446)	(532)	(420)	(561)
Long/(Open) - NVE	(633)	(689)	(713)	(150)	Long/(Open) - NVE	(1,060)	(1,345)	(1,254)	(764)



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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.



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Updates to Forecasts and Procurement Nevada Power

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

		Remarks	
Load Forecast	2023 3rd IRPA Forecast		
		Change In Prices Since	
		Gas Volumes Were	Change In Prices
		Approved in August 2023	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	%9-	%9-
	Summer 2025	-2%	-2%
Plant Maintenance / Outages	Updated as of the end of August 2023	gust 2023	

Forecast Results			
		Volumes S in August 2	Change In Volumes From Prior Month
Natural Gas Burns	Winter 2023 - 2024	<u>%0</u>	%0
216	Summer 2024	%0	%0
of.	Winter 2024 - 2025	%0	%0
308	Summer 2025	%0	%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	ly Plan Load Forecast	
		Change In Prices Since	
		das voldilles weie	
		Approved in August 2023	From Prior Month
Gas Price Forecast (Malin)	Winter 2023 - 2024	%9	%9
	Summer 2024	%9	%9
	Winter 2024 - 2025	%0	%0
	Summer 2025	2%	2%
Plant Maintenance / Outages	Updated as of the end of August 2023	August 2023	

Forecast Results			
		Change in Volumes Since Change In Volumes	Change In Volumes
		Approved in August 2023	From Prior Month
Matural Gas Burns	Winter 2023 - 2024		-1%
ge 2	Summer 2024	-2%	-2%
17 o	Winter 2024 - 2025	1%	1%
of 30	Summer 2025	-1%	-1%
8			



 $\sim \sim 100$ ~ 100 Information contained in the report based on data as of August 31, 2023

Daily Physical Gas Requirements **Nevada Power** (MMBtu/day)

		Jan	Feb	Mar	Apr	May	Jun	Ju	Aug	Sep	Oct	Nov	Dec
	2023												
− 0 c 4	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level										328,000 Feb 2023 328,000 100%	303,000 Aug 2023 303,000 100%	360,000 Aug 2023 360,000 100%
9	Current Projection (September 2023 Risk Run)										330,590	305,835	362,306
<u>/</u> «	Variance (Approved - Current Projection)										(-) 2,590	(2,835)	(2,306)
	2024												
2 5	Approved (Rounded to thousands)	359,000	304,000	271,000	328,000	311,000	342,000	500,000	455,000	397,000	318,000	286,000	343.000
12	Risk Committee Approval Date	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023	Aug 2023		Aug 2023	Aug 2023
5 5	Current Procured Volumes	359,000	304,000	271,000	246,000	233,000	256,000	375,000	341,000	297,500	0	142,500	171,000
4 5	Current Target Procurement Level Current Projection (September 2023 Risk Run)	359,005	100% 304,578	100% 272,582	330,936	75% 313,552	75% 342,762	75% 501,601	75% 455,691	75% 397,948	75% 321,392	30% 284,266	342,137
19			į		. 0	. (į						
14	Vanance (Approved - Current Projection)	(2)	(578)	(1,582)	(2,936)	(2,552)	(762)	(1,601)	(691)	(948)	(3,392)	1,734	863
19	2025												
20													
7	Approved (Rounded to thousands)	324,000	283,000	241,000	228,000	306,000	406,000	513,000	479,000	380,000	329,000		
22 %	Risk Committee Approval Date	Aug 2023 161 500	Aug 2023	Aug 2023	Aug 2023 56 500	Aug 2023							
2 42	Current Target Procurement Level	50%	50%	50%	25%	25%	25%	25%	25%	25,000	25%		
25	Current Projection (September 2023 Risk Run)	322,939	282,592	240,936	228,911	307,873	408,720	512,754	476,857	382,003	330,242		
27	Variance (Approved - Current Projection)	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	,000 MMBtu/	day within the	e current sea	son are highli	ighted in grav	/these varia	ances will be	resolved eith	er through			

the daily market or during bid week of Above volumes represent KERN River Pipeline delivered gas only.

Above volumes represent KERN River Pipeline delivered gas only.

Solution 1999

908



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

Sierra

Daily Physical Gas Requirements (MMBtu/day – includes electric and gas)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2023					1)				
- 2 e	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes										135,000 Feb 2023 135,000	157,000 Aug 2023 157,000	179,000 Aug 2023 178,500
4 rv a	Current Target Procurement Level Current Projection (September 2023 Risk Run)										100% 142,852	100% 155,139	100% 176,194
ο / α	Variance (Approved - Current Projection)										(7,852)	1,861	2,806
0 0 5	2024												
2 =	Approved (Rounded to thousands)	179,000	180,000	000						137,000	123,000	152,000	185,000
12	Risk Committee Approval Date	Aug 2023	Aug 2023		~			Aug 2023		Aug 2023	Aug 2023	Aug 2023	Aug 2023
13	Current Procured Volumes	178,500	180,000	170,500	63,000	82,500			110,000	102,500	92,000	76,000	92,500
7 !	Current Target Procurement Level	100%	100%	100%	75%	75%	75%	75%	75%	75%	75%	20%	20%
15	Current Projection (September 2023 Risk Run)	178,847	179,918	168,546	71,414	107,220		149,741	144,470	134,209	118,484	153,822	186,561
2 7 8	Variance (Approved - Current Projection)	153	82	2,454	1,586	2,780	1,464	3,259	2,530	2,791	4,516	(1,822)	(1,561)
19	2025												
20													
21	Approved (Rounded to thousands)	173,000			119,000		125,000		145,000	123,000	112,000		
23 23	Risk Committee Approval Date Current Procured Volumes	Aug 2023 86.500	Aug 2023 86.000	Aug 2023 73.500		Aug 2023 28.500		Aug 2023 36.500		Aug 2023 30,500	Aug 2023 28,000		
24	Current Target Procurement Level	20%		20%		25%		25%	25%	25%	25%		
25	Current Projection (September 2023 Risk Run)	175,784	172,538	148,349	118,087	111,748		147,180	145,610	121,080	110,815		
26 27	Variance (Approved - Current Projection)	(2,784)	(538)	(349)	913	2,252	6,371	(180)	(610)	1,920	1,185		
]													

Use 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 to during bid week to



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

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

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

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



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Market Fundamentals Overview

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



Market Fundamentals Overview

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 ✓ 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 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].

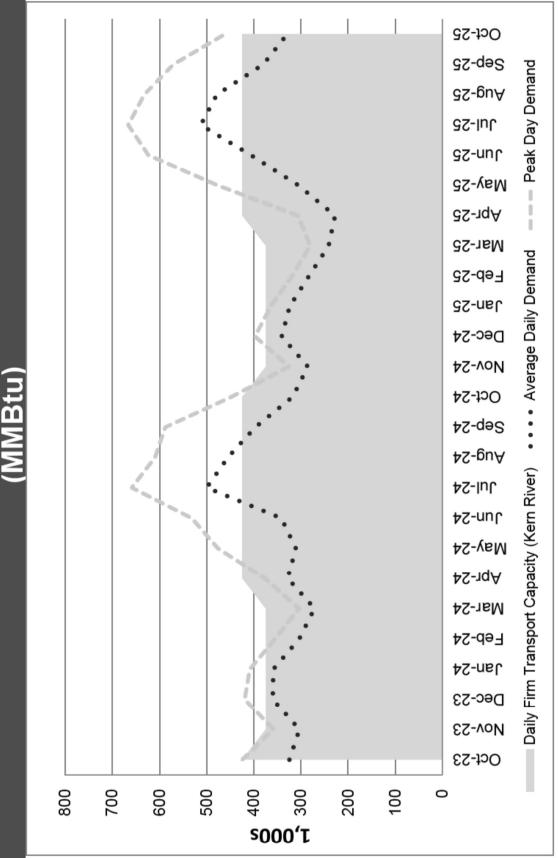
EIA forecasts working natural gas inventories to end the refill season at nearly 3.9 trillion cubic feet (Tcf) which is 7%, or 250 Bcf, higher than the five-year average. We expect storage inventories to remain above the five-year average throughout 2024 as natural gas production remains high and natural gas consumption declines by 2% in 2024 compared with 2023. [EIA, Short-Term Energy Outlook, August 2023].



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Technical Appendix

Gas Demand Versus contracted Kern River Transport Capacity **Nevada Power**



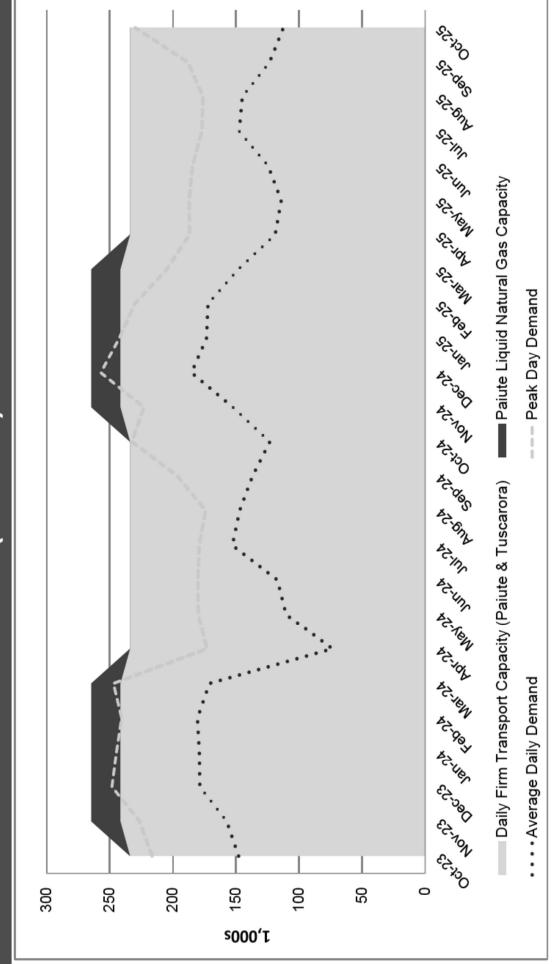
Note: Based on normal weather



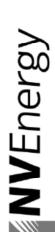
Information contained in the report based on data as of August 31, 2023

Privileged and Confidential

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



Note: Based on normal weather



Natural Gas Price Forecasts **Nevada Power**

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

Approved (August 2023) - Off-Peak

Delivery Month



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

Sierra

Natural Gas Price Forecasts

Malin Gas Price Forecast (dollars per MMBtu)

--- September-23 Forecast --- Approved Aug-23

Delivery Month



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

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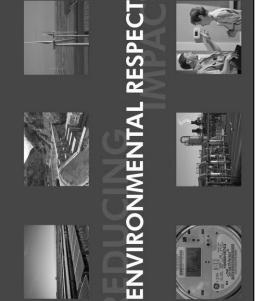
















Risk Committee

Report Control Report

September 20, 2023

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 0

No exceptions to the transaction notification thresholds¹

Portfolio Risk Notification Thresholds

0

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

0

- 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 - I II'E WEIGHTEG AVERAGE CREGIT FATING OF THE

 above

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 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

Notification I hreshold			Actuals	Status
Manager (Manager (Contract Management		
	(Amendn	Amendments/Settling disputes only)		
<\$5.0M Manager	Managei	Manager, Market Operations and Trading,	NV Fuerov South 1 866-Transactions	
\leq \$12.5M Vice Pre	Vice Pre	lice President, Resource Optimization	NV Energy North 197-Transactions	
≤\$12.5M Vice Pr	Vice Pro	lice President, Renewable & Origination	Total 2,063-Transactions ¹	
<\$25.0M Vice Pr	Vice Pro	ice President, Chief Financial Officer	I graset transaction C1 3M Dower	
<\$50.0M Chief E	Chief E	Chief Executive Officer	Deal	
Chief E.	Chief Ex	Chief Executive Officer, Berkshire Hathaway		
Committee Energy (Energy	Company		

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
	<\$12.5M	Vice President, Resource Optimization		
NV	<\$25M	Vice President, Chief Financial Officer		•
Ellergy	<\$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	Notifid Thresho	Notification hreshold (\$m)	Notification Est. BTER Threshold (\$m)	Est. BTER Cumulative Revenue Mark-to- (\$m) Base (\$m)	Cumulative Mark-to- Base (\$m)	Status	Status Cumulative Mark-to- to-Base Change Base (\$m\$) (\$sm\$)	Monthly Mark- to-Base Change (Sm)	Status
NV Energy Jan 23-South Dec 23	Jan 23- Dec 23		С	1,870.5	(1,922.2)	(51.7)		(88.3)	36.6	
NV Energy Jan 23- North Dec 23	Jan 23- Dec 23		С	499.3	(605.0)	(105.7)		(113.6)	7.9	
NV Energy Jan 23- LDC Dec 23	Jan 23- Dec 23		С	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	69860.0\$	\$0.09063	\$0.08946	\$0.07075
NVE-S Non-residential	\$0.09800	\$0.09164	\$0.08950	\$0.06735
NVE-N	\$0.0690	\$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.

Near Notification Threshold

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Notification Required



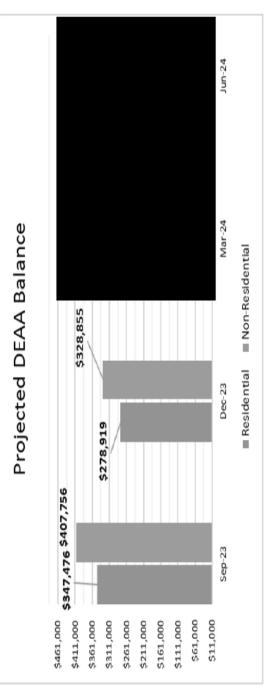
Notification Not Required

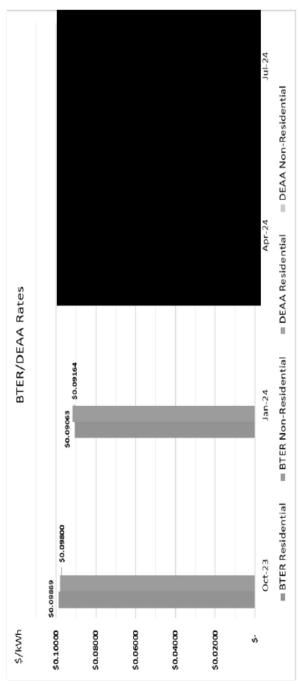
Portfolio Notification Thresholds

Company	VaR Notification Threshold (Sm)	VaR Notification Est. BTER costs for the Test Next 12 months VAR Threshold (\$m) Period (\$m)	Next 12 months VAR (\$m)	Status
V Energy South	100	1,870.5	151.1	•
V Energy North	09	499.3	61	•
V Energy LDC	20	145.0	60.3	•

Notification Required Near Notification Threshold Notification Not Required



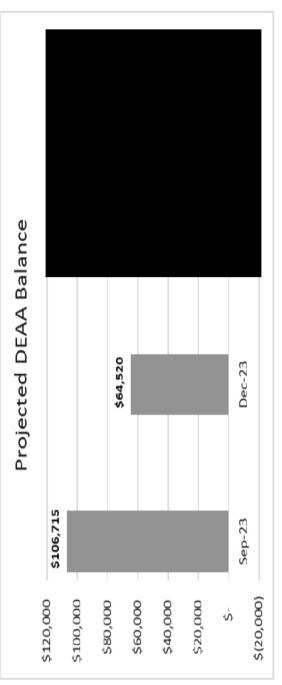


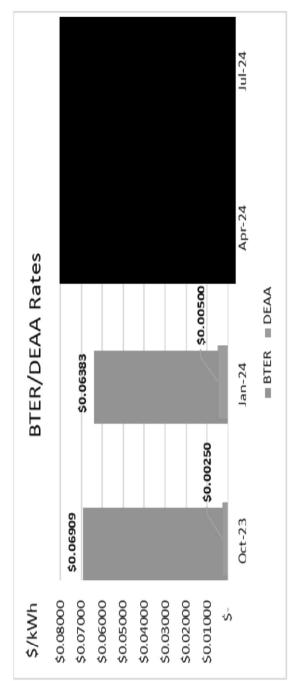




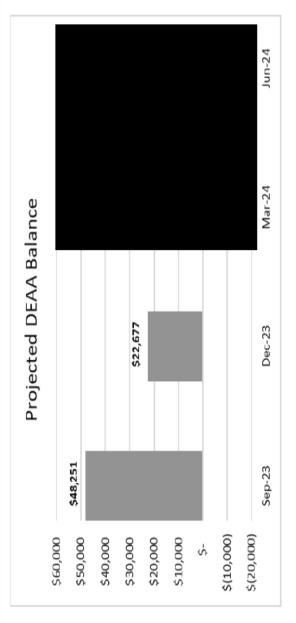
Negative = over collection Positive = under collection

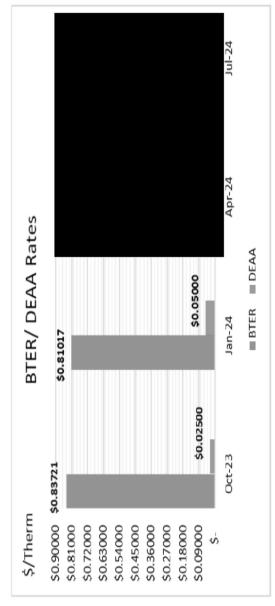
Base Tariff Energy Rates and DEAA Balances -**SPPC Electric**





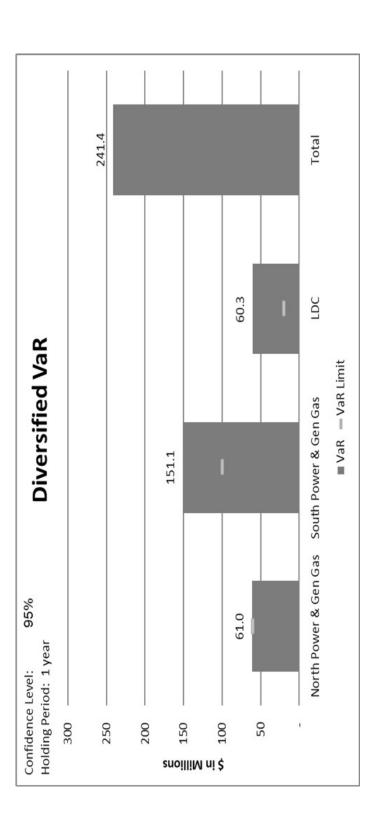








Portfolio Value-at-Risk Charts

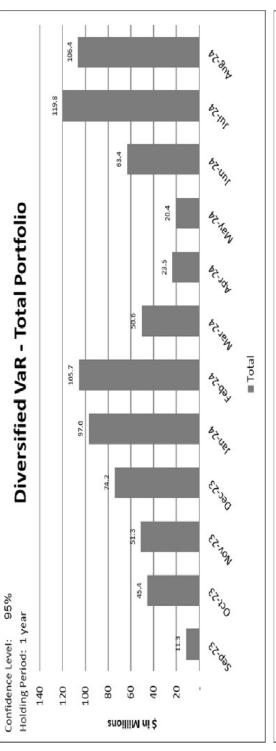


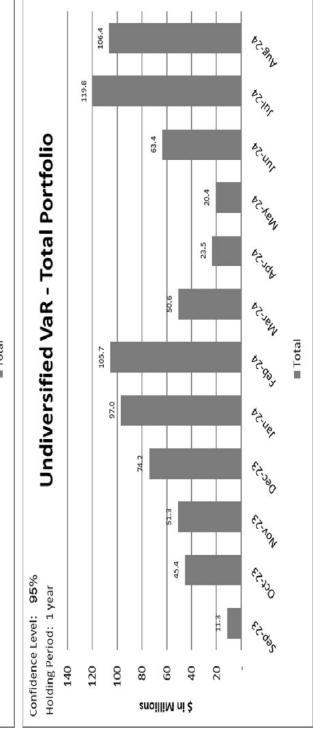
Value-at-Risk (also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)

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	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	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 Required	
•	
Near Notification Threshold	
Notification Not Required	
•	

^{*} 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		AAA to AA-	\$20.0M	
	during the month.	A+ to A-	\$15.0M	
				•
		BBB+ to BBB-	\$10.0M)
		BB+	\$6.0M	
		Less than BB+	\$0	



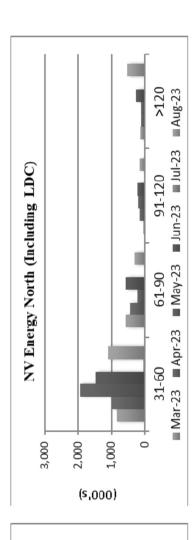
Notification Not Required

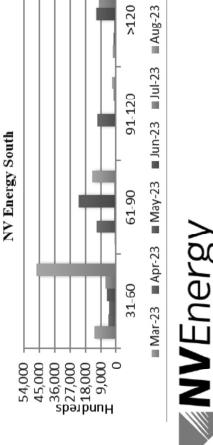
Notification Required

Near Notification Threshold

Medium-Large Major Commercial Customers Arrears Balance

Largest Arrears Percent in Balance of a Arrears Single Customer (SK)	0.587% 1168.5	0.621% 1115.0	0.626% 1078.8	1.377% 1375.3	0.641% 1163.6	2.380% 3402.0	2.322% 417.8	2.532% 417.0	3.325% 583.9	3.036% 621.6	0.052% 22.0	2.600% 1334.4
Perce	0.58	0.62	0.62	1.37	9.0	2.38	2.32	2.53	3.32	3.03	0.0	2.60
Total Monthly Current Receivables for the Past 12 Months (SK)	280,906.3	287,966.5	288,659.6	293,350.8	303,173.3	312,948.6	68,225.1	66,134.6	73,763.2	82,652.8	82,761.2	79,681.0
Arrears Balance (SK)	1649.9	6.8871	1805.8	4040.1	1943.3	7447.5	1584.4	1674.6	2452.8	2.6052	43.2	2071.7
Month	Feb-23	Mar-23	Apr-23	Jun-23	Jul-23	Aug-23	Feb-23	Mar-23	Apr-23	Jun-23	Jul-23	Aug-23
Company	NVE-S						NVE-N					

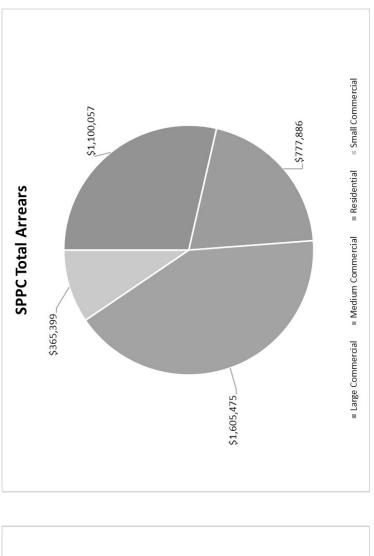


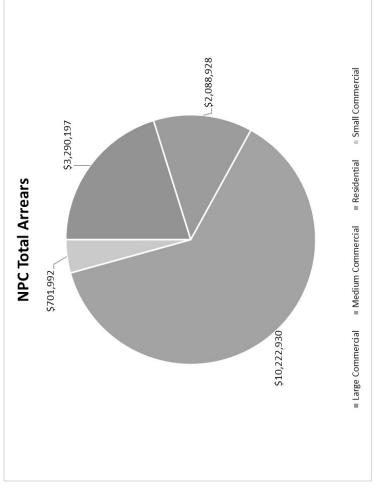




Medium-Large Major Commercial and Residential

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.

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 Daghlian, 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 todays 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.

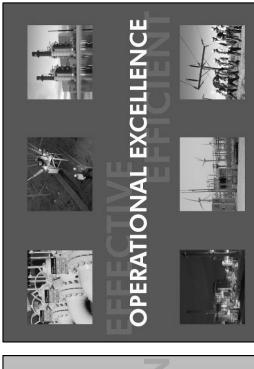
Major projects provide significant system growth in both peak and energy requirements, such as 2, 065 MW's growth by 2023 and 13,975 GWh sales by 2033. The forecast also includes key drivers (NEM, EV, DER) for approval in the Integrated Resource Plan filing.

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

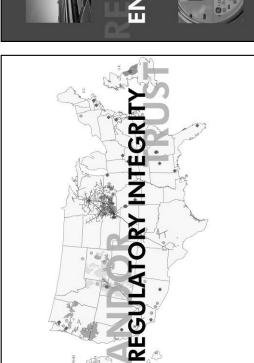
Motion Approved Unanimously

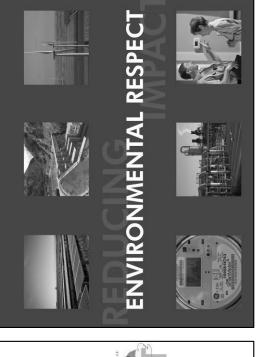




EMPLOYEE COMMIT







Risk Committee

Monthly Energy Supply Plan Update/Resource Planning and Analysis

October 18, 2023

Privileged and Confidential

Recommendations

- Energy North and South (as shown on slides 10 and 11, highlighted in yellow) as Recommend no changes to the approved physical gas volumes for both NV 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
- recommendation for new target volumes to be presented to the Risk Committee The next natural gas request for proposal is first quarter of 2024, with the



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Recommendations

2. Recommend change (reduction) to the 2024 and 2025 open capacity positions as shown on slide 6

Slide 6 reflects all firm market power purchases transacted as of October 10, 2023. a

2024	June	July	August	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

September	100 MW
August	100 MW
July	100 MW
June	200 MW
025	ίFΡ

- Slide 6 reflects the Unit Characteristics Table (starts-cost based) updated on May 19, 2023 q
- 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). $\widehat{\circ}$
- Slide 6 reflects Tracy 3 outage in September due to environmental restrictions. চ
- Slide 6 reflects a 16% Planning Reserve Margin ("PRM") and 90 MW OATT reserve. **e**
- Slide 6 reflects the removal of Hot Pot, Iron Point, Southern Bighorn Solar, and Chuckwalla, and the delay of Boulder Solar III. 4
- 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.



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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-
- 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.



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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



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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	Net Peak Forecast-NPC	5,808	5,969	6,079	5,461
Net Peak Forecast-SPPC	1,790	1,863	1,943	1,612	Net Peak Forecast-SPPC	1,784	1,858	1,783	1,799
Reserves (16%)NPC	917	933	926	853	Reserves (16%)NPC	929	955	973	874
Reserves (16%)SPPC	286	298	311	258	Reserves (16%)SPPC	285	297	285	288
Required NVE	8,727	8,926	9,186	8,053	Required NVE	8,806	9,079	9,120	8,421
I						0	0	0	0
Available NPC	6,413	6,727	6,835	6,325	Available NPC	6,273	6, 188	6,293	6,207
Available SPPC	1,856	1,810	1,939	1,578	Available SPPC	1,673	1,646	1,673	1,551
Available NVE	8,269	8,537	8,773	7,902	Available NVE	7,946	7,834	7,967	7,758
						0	0	0	0
Long/(Open) - NPC	(238)	(38)	(26)	141	Long/(Open) - NPC	(464)	(735)	(422)	(127)
Long/(Open) - SPPC	(220)	(351)	(315)	(292)	Long/(Open) - SPPC	(386)	(210)	(382)	(536)
Long/(Open) - NVE	(458)	(389)	(413)	(150)	Long/(Open) - NVE	(098)	(1,245)	(1,154)	(664)

100	(764)	(664)
100	(1,254)	(1,154)
100	(1,345)	(1,245)
200	(1,060)	(860)
Additional Term Purchases	September Open Positions	October Open Positions
0	150)	150)

(713) 300

(689) 300

> (933) (458)

Additional Term Purchases September Open Positions October Open Positions



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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.



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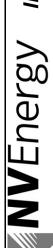
Nevada Power

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	Change In Prices
		Approved in August 2023	From Prior Month
Gas Price Forecast (SoCal)	Winter 2023 - 2024	-2%	%9-
	Summer 2024	-1%	-1%
	Winter 2024 - 2025	1%	-1%
	Summer 2025	%0	%0
Power Price Forecast (Mead)	Winter 2023 - 2024	-14%	-4%
	Summer 2024	%2-	-5%
	Winter 2024 - 2025	%8-	-2%
	Summer 2025	%9-	-2%
Plant Maintenance / Outages	Updated as of the end of September 2023	ptember 2023	

	Forecast Results			
Pa			ᄝ	Change In Volumes From Prior Month
ge 2	Natural Gas Burns	Winter 2023 - 2024	%5- 	%9-
.58 c		Summer 2024	%8-	%6 -
of 30		Winter 2024 - 2025	-2%	-2%
)8		Summer 2025	%6 -	%6 -



 $\sim NVENERBY$ Information contained in the report based on data as of September 30, 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	y Plan Load Forecast	
		Change In Prices Since	
		Gas Volumes Were	Change In Prices
		Approved in August 2023	From Prior Month
Gas Price Forecast (Malin)	Winter 2023 - 2024	-1%	%9-
	Summer 2024	3%	-2%
	Winter 2024 - 2025	1%	1%
	Summer 2025	2%	%0
Plant Maintenance / Outages	Updated as of the end of September 2023	September 2023	

Forecast Results			
		Change in Volumes Since Change In Volumes Approved in August 2023 From Prior Month	Change In Volumes From Prior Month
☐ Natural Gas Burns	Winter 2023 - 2024	2%	%9
Page	Summer 2024	4.2	%6
÷ 25!	Winter 2024 - 2025	1%	%0
9 of	Summer 2025	4%	2%
308			



 \sim NVENergy Information contained in the report based on data as of September 30, 2023

Daily Physical Gas Requirements Nevada Power (MMBtu/day)

Dec	360,000 Aug 2023 360,000 100% 355,691	4,309	343,000 Aug 2023 171,000 50% 333,563	9,437			
Nov	303,000 Aug 2023 303,000 100% 287,051	15,949	286,000 Aug 2023 142,500 50% 271,687	14,313			
Oct			318,000 Aug 2023 238,000 75% 287,887	30,113	329,000 Aug 2023 82,000 25% 305,986	23,014	
Sep			397,000 Aug 2023 297,500 75% 357,554	39,446	380,000 Aug 2023 95,000 25% 340,869	39,131	er through
Aug			455,000 Aug 2023 341,000 75% 419,769	35,231	479,000 Aug 2023 119,500 25% 434,619	44,381	resolved eith
Inc			500,000 Aug 2023 375,000 75% 463,391	36,609	513,000 Aug 2023 128,000 25% 473,591	39,409	nces will be
Jun			342,000 Aug 2023 256,000 75% 314,016	27,984	406,000 Aug 2023 101,500 25% 368,277	37,723	/these varia
Мау			311,000 Aug 2023 233,000 75% 286,690	24,310	306,000 Aug 2023 76,000 25% 273,710	32,290	ghted in gray
Apr			328,000 Aug 2023 246,000 75% 301,170	26,830	228,000 Aug 2023 56,500 25% 199,382	28,618	on are highli
Mar			271,000 Aug 2023 271,000 100% 248,065	22,935	241,000 Aug 2023 120,500 50% 207,807	33,193	current seas
Feb			304,000 Aug 2023 304,000 100% 281,895	22,105	283,000 Aug 2023 141,500 50% 265,249	17,751	ay within the
Jan			359,000 Aug 2023 359,000 100% 337,614	21,386	324,000 Aug 2023 161,500 50% 320,773	3,227	000 MMBtu/d
2023	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level Current Projection (October 2023 Risk Run)	Variance (Approved - Current Projection) 2024	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level Current Projection (October 2023 Risk Run)	Variance (Approved - Current Projection) 2025	Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level Current Projection (October 2023 Risk Run)	Variance (Approved - Current Projection)	A 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 as the daily market or during bid week of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through a solution of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through a solution of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through a solution of 30,000 MMBtu/day within the current season are highlighted in gray—these variances will be resolved either through a solution of 30,000 MMBtu/day within the current season are solved either through a solution of 30,000 MMBtu/day within the current season are solved either through a solution of 30,000 MMBtu/day within the current season and season are solved either through the solution of 30,000 MMBtu/day within the current season are solved either through the solution of 30,000 MMBtu/day within the current season are solved either through the solution of 30,000 MMBtu/day within the solution of 30,000 MMBtu/
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Information contained in the report based on data as of September 30, 2023

Sierra

Daily Physical Gas Requirements (MMBtu/day – includes electric and gas)

	Jan	Feb	Mar	Apr	May	Jun	Jn	Aug	Sep	Oct	Nov	Dec
2023												
Approved (Rounded to thousands) Risk Committee Approval Date Current Procured Volumes Current Target Procurement Level Current Projection (October 2023 Risk Run)											157,000 Aug 2023 157,000 100% 167,833	179,000 Aug 2023 178,500 100% 182,451
Variance (Approved - Current Projection)											(10,833)	(3,451)
2024												
Approved (Rounded to thousands)	179,000	180,000						147,000	137,000		152,000	185,000
Risk Committee Approval Date Current Procured Volumes	Aug 2023 178.500	Aug 2023 180.000	Aug 2023 170.500	Aug 2023 63.000	Aug 2023 82,500	Aug 2023 87,500	Aug 2023 114,500	Aug 2023 110.000	Aug 2023 102.500	Aug 2023 92,000	Aug 2023 76.000	Aug 2023 92.500
Current Target Procurement Level	100%	100%						75%	75%		20%	20%
Current Projection (October 2023 Risk Run)	187,990	195,555	176,937	88,678	114,946	124,124		156,354	145,058	130,781	155,115	185,327
Variance (Approved - Current Projection)	(8,990)	(15,555)	(5,937)	(15,678)	(4,946)	(7,124)	(5,745)	(9,354)	(8,058)	(7,781)	(3,115)	(327)
2025												
Approved (Rounded to thousands)	173,000	172,000						145,000	123,000	112,000		
Risk Committee Approval Date Current Procured Volumes	Aug 2023 86,500	Aug 2023 86.000	Aug 2023 73.500	Aug 2023 29.500	Aug 2023 28.500	Aug 2023 31.000	Aug 2023 36,500	Aug 2023 36,000	Aug 2023 30,500	Aug 2023 28.000		
Current Target Procurement Level	20%	20%						25%	25%	25%		
Current Projection (October 2023 Risk Run)	167,080	176,777	152,299	122,638				156,306	137,902	107,592		
Variance (Approved - Current Projection)	5,920	(4,777)	(4,299)	(3,638)	(5,357)	5,868	(6,364)	(6,364) (11,306)	(14,902)	4,408		
		44 A. 44	-		, c: potde:14	4		4	ماست معطور واست اممود مطاللت مومودونيست مومطولي بموسم من اسمولمات اطمينا مدومة	<u>.</u>		

Use 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 to during bid week to



Information contained in the report based on data as of September 30, 2023

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

t Estimated Burn Days	npany Share Only)		43 days as of September 30, 2023	(Assumes daily burn	of 3,000 tons(1))
End of Month Inventory Level (Tons), Including Trains in Transit	Valmy (Sierra Pacific Power Company Share Only)	129,236	106,423	129,043	179,924
Month		Sep 2023	Aug 2023	Jul 2023	Jun 2023

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



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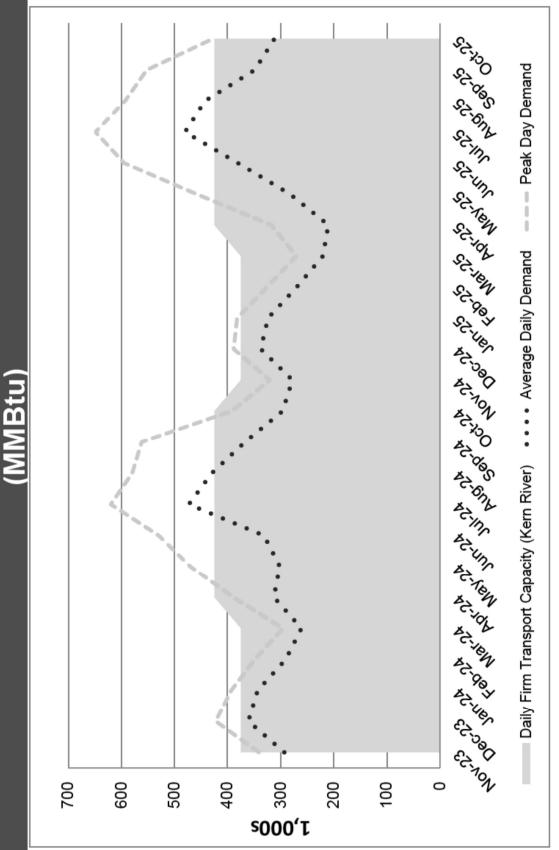
Technical Appendix

\sim NVENergy information contained in the report based on data as of September 30, 2023



13

Gas Demand Versus contracted Kern River Transport Capacity **Nevada Power**



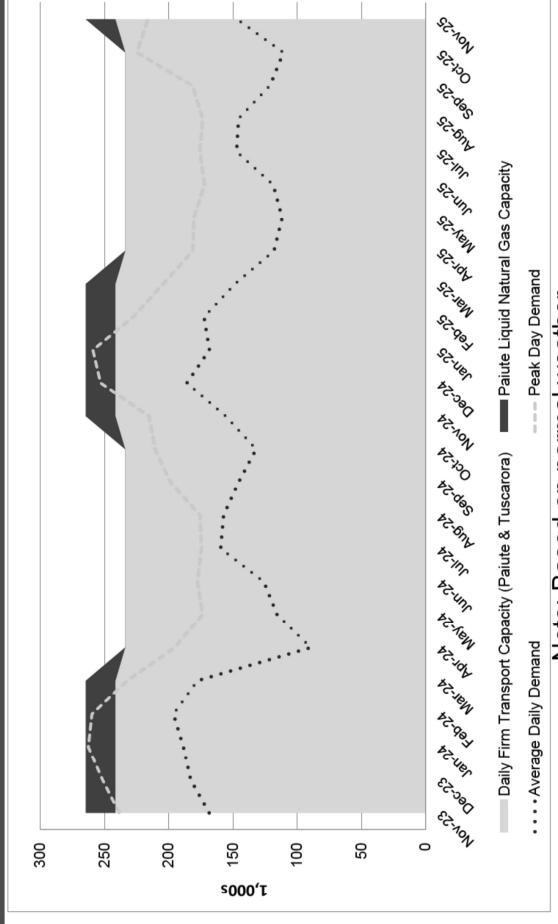
Note: Based on normal weather



Information contained in the report based on data as of September 30, 2023

Gas Demand Versus Transport Capacity Sierra (electric and gas)

(MMBtu)



Note: Based on normal weather



 $\sim NVENergy$ Information contained in the report based on data as of September 30, 2023

Privileged and Confidential

Natural Gas Price Forecasts **Nevada Power**

SoCal Gas Price Forecast (dollars per MMBtu)

— Approved Aug-23 -October-23 Forecast

Delivery Month



Nevada Power and Sierra **Power Price Forecasts**

Mead Power Price Forecast (dollars per MWh)

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

Delivery Month



Information contained in the report based on data as of September 30, 2023

Sierra

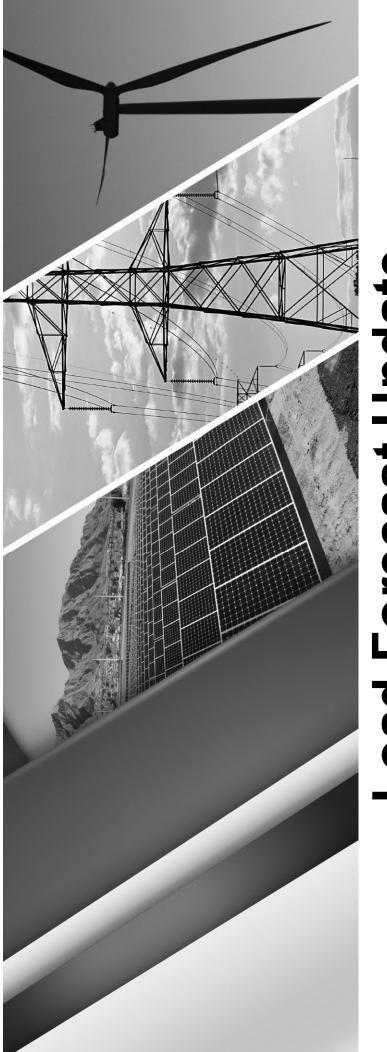
Natural Gas Price Forecasts

Malin Gas Price Forecast (dollars per MMBtu)

Delivery Month



 \sim NVENergy Information contained in the report based on data as of September 30, 2023



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 sales of 826, 1,086, 1,422 GWh in 2024, 2025, and 2026 respectively, with an increase of 17,926 GWh by 2033

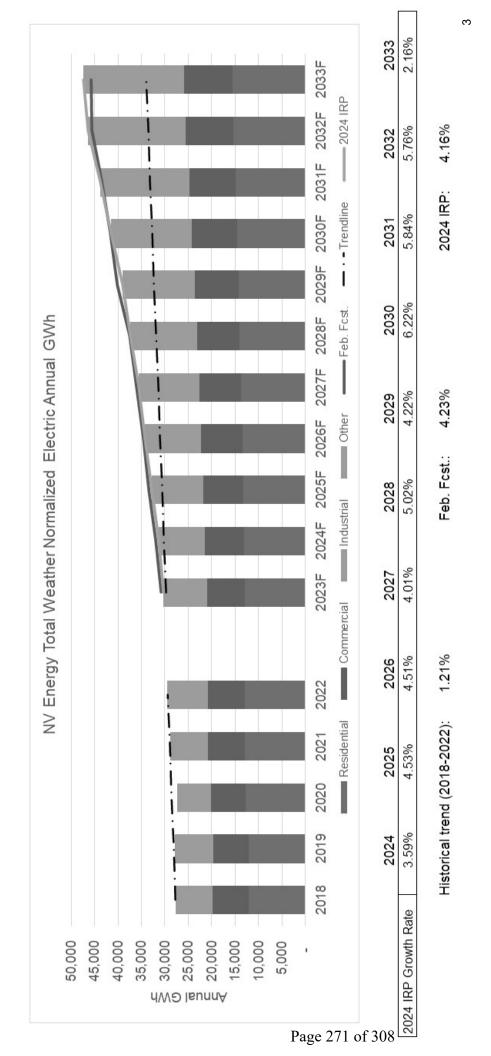
	Year	MW Peak	GWh
	2022	7,750	29,439
	2023	8,245	30,265
	2024	8,375	31,351
	2025	8,726	32,773
	2026	8,780	34,249
	2027	9,020	35,624
	2028	9,355	37,412
	2029	9,636	38,992
	2030	10,102	41,417
	2031	10,560	43,837
	2032	10,856	46,363
- 1	2033	11,081	47,365
i, los	.000 0000		
	2023-2033.		
	Change	3,331	17,926
2020	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

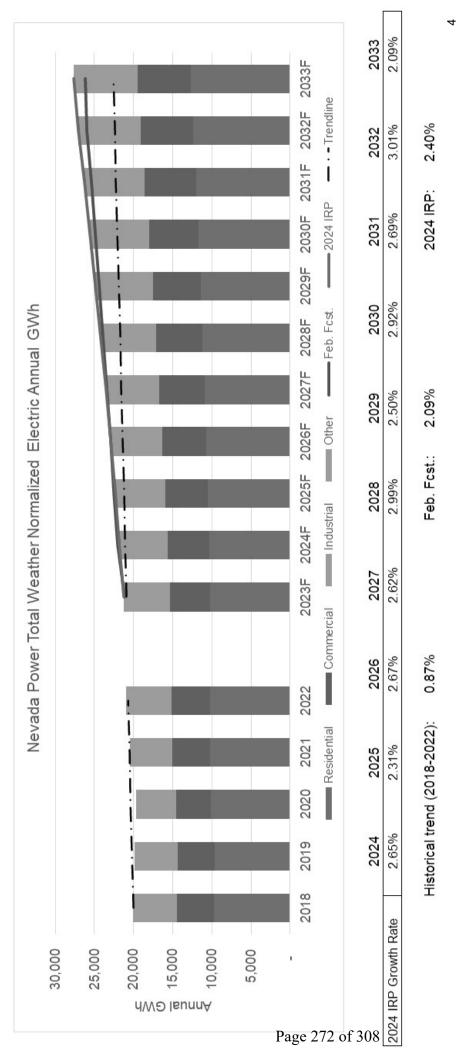
Slightly lower rate than February forecast



Nevada Power – Total Update



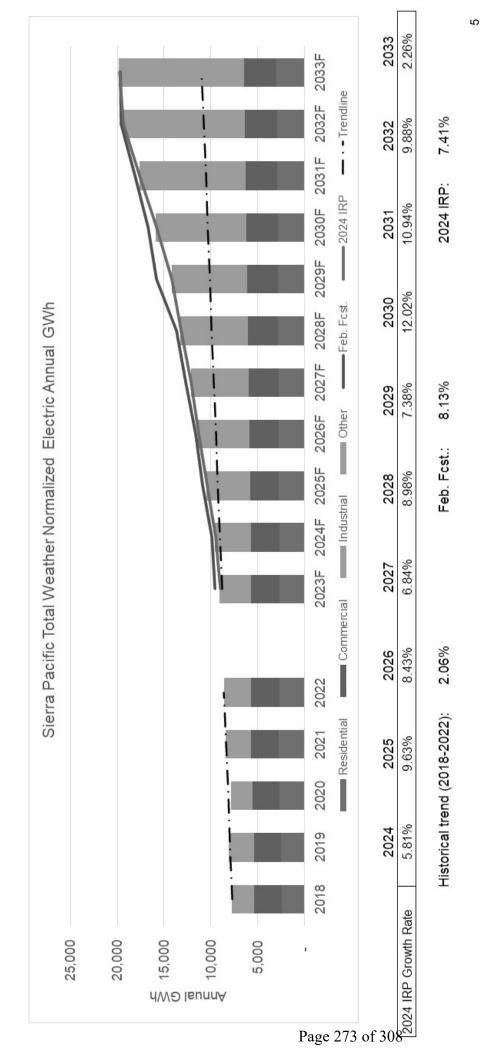
- compared to 5-year 10-year CAGR 2.4 percent historical value of 0.9 percent
- Higher rate than February forecast



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 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	777,7	2,071



Project adjustments

		Signed ,	Signed Agreements	1500				Study	Study Phase		
		Total	2022	2032	2032		Proposed Large Loads		2032	2032	
		MM	MM	Incremental	Incremental	Adj. Pct			Incremental	Incremental	Adj. Pct
Signed Agreements	Company	Requested	Peak	Requested	Adjusted	of Requested	(Study Phase)	Company	Requested	Adjusted	of Requested
Customer 1	SPPCo	104	51	53	37	%0.69	Customer 18	SPPCo	1,491	82	5.5%
Customer 2	SPPCo	26	-	26	41.1	73.4%	Customer 19	SPPCo	924	220	23.8%
Customer 3	SPPCo	147	78	70	41	59.4%	Customer 20	SPPCo	175	27	15.4%
Customer 4	SPPCo	215	11	204	121	59.4%	Customer 21	SPPCo	300	47	15.8%
Customer 5	SPPCo	110	-	110	44	40.1%	Customer 22	SPPCo	06	20	21.7%
Customer 6	SPPCo	144	1	144	88	%8.09	Customer 23	SPPCo	245	44	17.9%
Customer 7	SPPCo	1,655	1	1,655	664	40.1%	Customer 24	SPPCo	20	æ	15.8%
Customer 8	SPPCo	14	10	4	2	63.2%	Customer 25	SPPCo	95	7	7.4%
Customer 9	SPPCo	41	12	28	16	26.7%	Customer 26	SPPCo	216	33	15.4%
Customer 10	SPPCo	2	-	5	3	26.7%	Customer 27	SPPCo	180	37	20.7%
Customer 11	SPPCo	14	11	3	3	78.3%	Customer 28	NVPWR	142	24	17.2%
Customer 12	NVPWR	145	48	26	76	100.0%	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%
						W.	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	9	28.4%
Ø5 -							Customer 40	NVPWR	5	1	16.1%
							Customer 41	NVPWR	5	1	16.1%
							Customer 42	NVPWR	147	56	17.4%
	SPPCo	2,505	173	2,332	1,060	45.5%		SPPCo	3,736	521	13.9%
	NVPWR	145	48	76	97	100.0%		NVPWR	912	165	18.1%
	Total	2,650	221	2,429	1,157	47.6%		Total	4,648	989	14.7%
	Reduction					52.4%		Reduction			82.3%
	0										
DOS Service							DOS Service				
Customer 13	NVPWR	130	1	130	95	73.4%	Customer 43	NVPWR	86	27	28.0%
Customer 14	NVPWR	14	12	2	1	29.0%	Customer 44	NVPWR	7	1	17.2%
Customer 15	SPPCo	172	35	137	85	62.1%	Customer 45	NVPWR	7	2	32.6%
Customer 16	SPPCo	25	6	16	9	39.6%					
Customer 17	SPPCo	56	12	14	10	%0.89					

Adjusted Load Estimates



- Adjusted customer schedule provides peak load of customer by year
- To estimate energy sales, identified type of load for each applied representative hourly load shape to adjusted peak MW Data Center) and project (Casino, Mine, 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

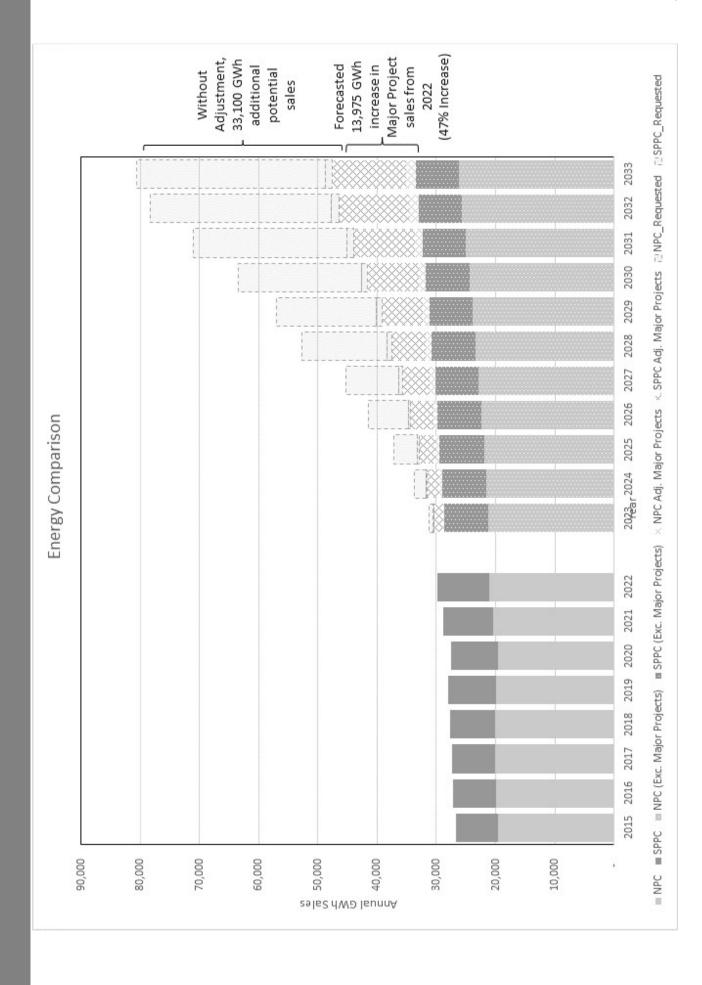
Project Adjustments



- 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

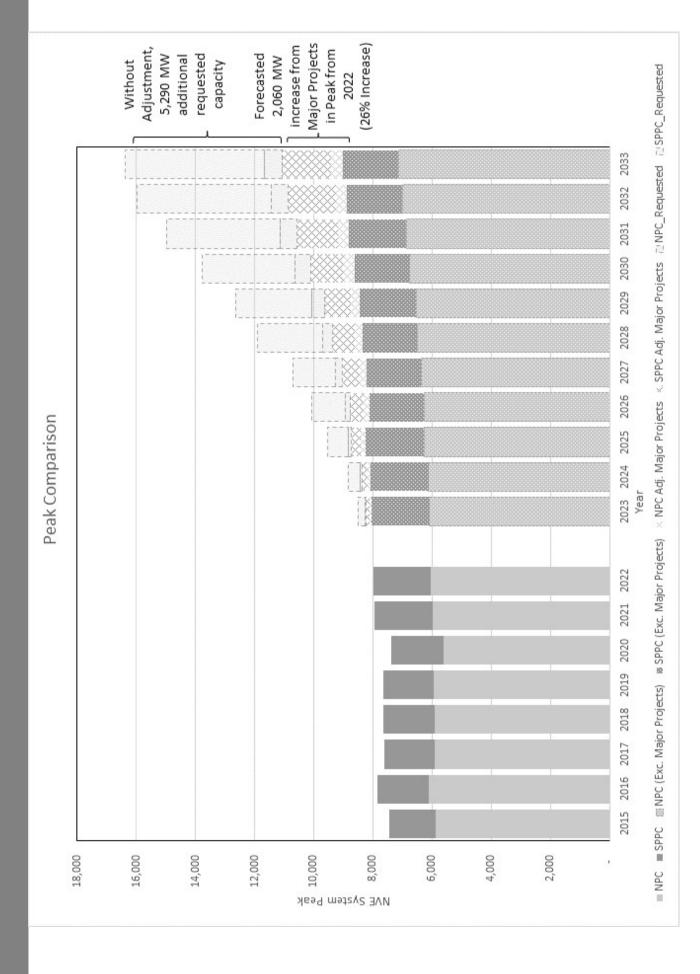
Result is weighted percent for individual project adjustments applied to customer provided requested MW schedule

Sensitivity of Adjustments - Energy



Sensitivity of Adjustments - Peak





Forecast Drivers - NEM



- Customers continue to migrate towards NEM
 - schedules through
- 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	606	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

	Cuctomor	Canadity EOV	Ava Monthly Gonortion
Year	Count EOY	(MW)	Total (MWh)
2023	9,677	57	6,691
2025	11,536	29	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

2,500

\$50₂ 15 502 302 6000 TAO2 E802 300 TAOS ■ SPPC Residential Capacity ■ NPC Residential Capacity 600 8202 1202 502 400 5003 202 0200 8700 Tios Page 283 of 308

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

		NPC EV Forecast	it		SPPC EV Forecast	ast
	Webieles	Residential	Commercial	Webiolog	Residential	Commercial
Year	venicies	GWH Sales	GWH Sales	venicies	GWH Sales	GWH Sales
2023	42,060	130	09	19,798	61	28
2024	67,847	208	96	32,559	100	46
2025	99,446	302	138	48,281	146	29
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	268	261
2032	470,681	1,350	619	227,654	653	299
2033	508,702	1,447	664	245,690	669	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 immediately choose other service if not already served as bundled and new loads (i.e. not load for existing sites), enabling customer to 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

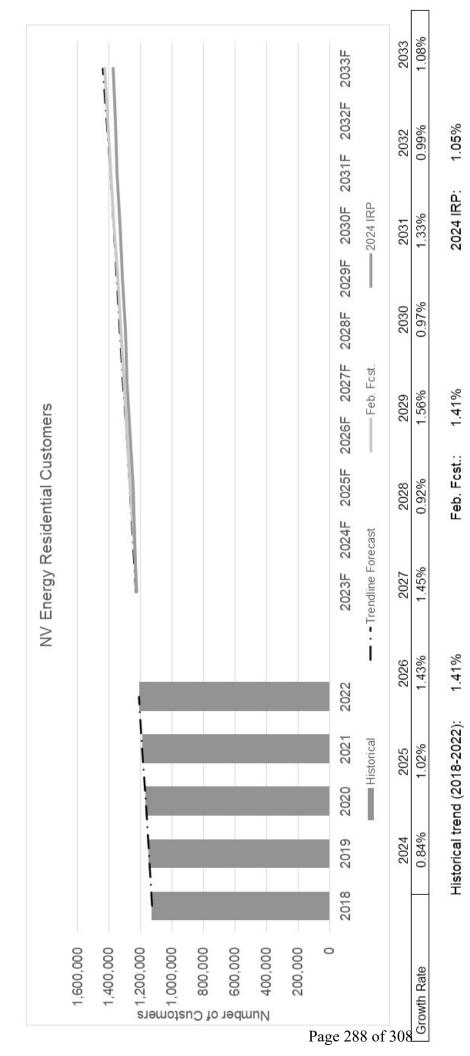


Customer Group information Appendix

NV Energy – Residential Customers



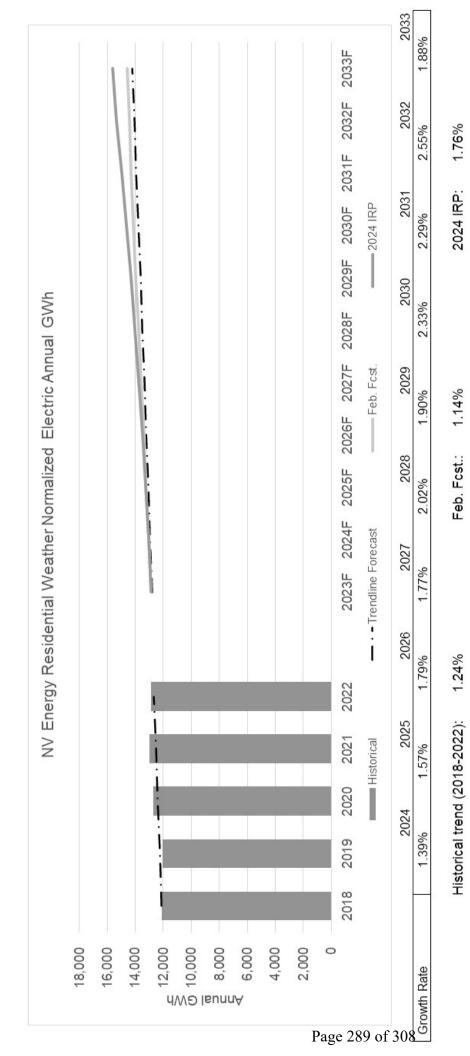
 Customer growth at 1.0 percent compared to 1.4 percent in February forecast



NV Energy – Total Residential



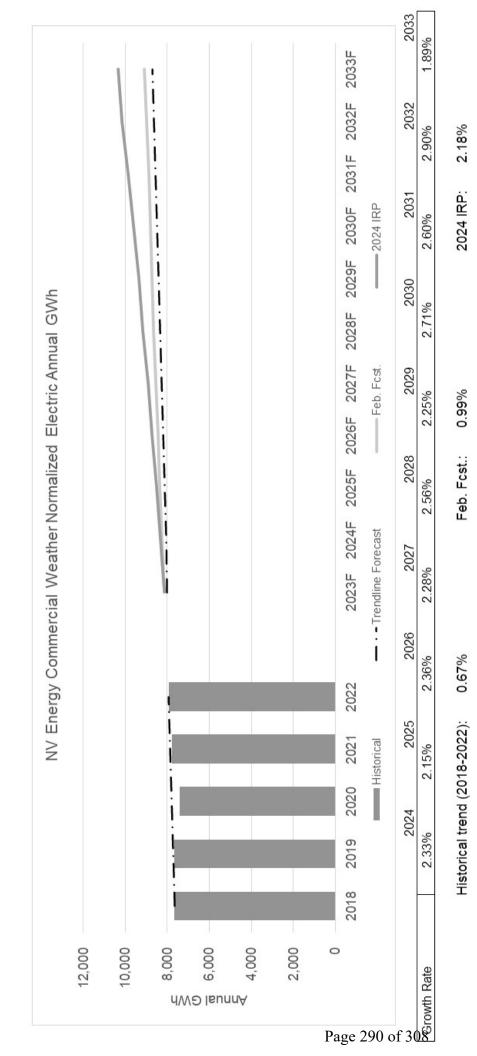
adoption in early years, but EV increases overcomes in later Decreases in residential sales from NEM partially offset by EV periods as NEM growth rate slows



NV Energy – Total Commercial



Higher growth in commercial sales due to EV adoption relative to February forecast

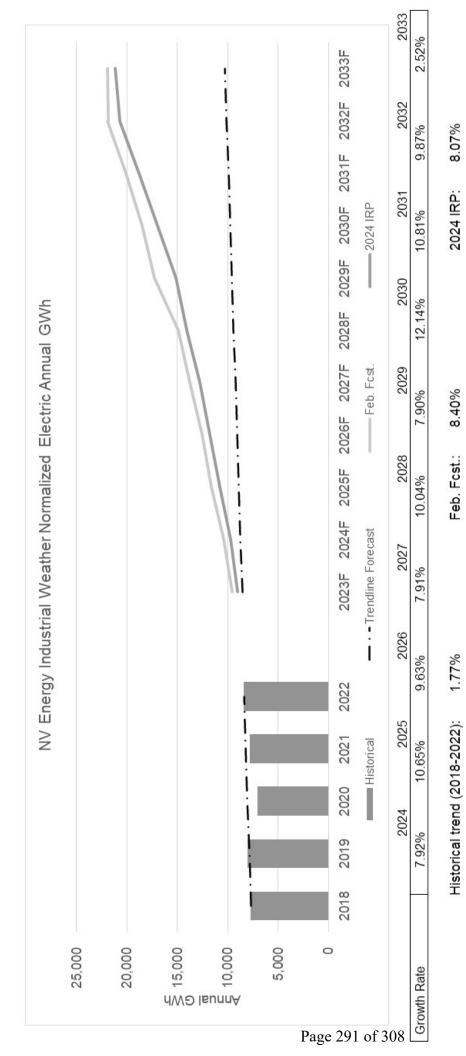


NV Energy – Total Industrial



Systemwide growth driven by large projects

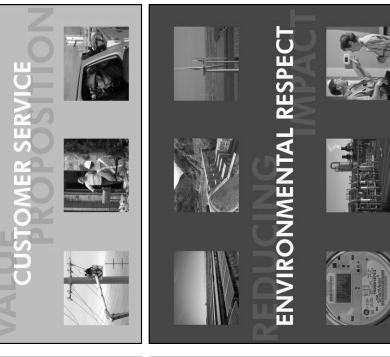
Sales growth rate for projects slightly lower than February forecast



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OPERATIONAL EXCELLENCE





LATORY INTEGRITY

Risk Committee Report Control Report

September 20, 2023

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 0

No exceptions to the transaction notification thresholds¹

Portfolio Risk Notification Thresholds

0

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

0

- 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 - I II'E WEIGHTEG AVERAGE CREGIT FATING OF THE

 above

 by

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 c. 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

Contract value	alac			
Entity	Notification Threshold		Actuals	Status
	<\$5.0M	Manager Contract Management		
59	<\$5.0M	Manager, Gas Trading		
	<\$5.0M	Manager, Power Trading		
	<\$7.5.0M	Director, Gas Trading	NV Energy South 1,113-Transactions	
	<\$7.5.0M	Director, Power Trading	nergy North	
N F	<\$12.5M	Vice President, Resource Optimization	Total 1,379-Transactions ⁺	
Energy	<\$12.5M	Vice President, Renewable & Origination	I organit transportion \$21 6M Douger	•
	<\$25.0M	Vice President, Chief Financial Officer	Deal	
	<\$50.0M	Chief Executive Officer		
	Unlimited	Chief Executive Officer, Berkshire Hathaway Energy Company		

Commitment Threshold

Entity	Notification Threshold		Actuals	Status
	<\$12.5M	Vice President, Resource Optimization		
NV	<\$25M	Vice President, Chief Financial Officer		•
Chergy	<\$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	Notifi Thresh	Notification hreshold (\$m)	Notification Est. BTER Threshold (\$m) Costs (\$m)	Est. BTER Cumulative Revenue Mark-to- (\$m) Base (\$m)	Cumulative Mark-to- Base (\$m)	Status	Status Cumulative Mark-to- to-Base Change Status Base (Sm) (Sm)	Monthly Mark- to-Base Change (Sm)	Status
NV Energy Jan 23- South Dec 23	Jan 23- Dec 23	08	СЕО	1,845.9	(1,899.6)	(53.7)		(51.7)	(2.0)	•
NV Energy Jan 23- North Dec 23	Jan 23- Dec 23	50	СЕО	492.9	(599.4)	(106.6)		(105.7)	(0.8)	•
NV Energy Jan 23- LDC Dec 23	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	80.09869	\$0.09139	\$0.08942	\$0.06980
NVE-S Non-residential	\$0.09800	\$0.09227	\$0.08911	\$0.06598
NVE-N	\$0.0690	\$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.

Near Notification Threshold

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Notification Required



Notification Not Required

Portfolio Notification Thresholds

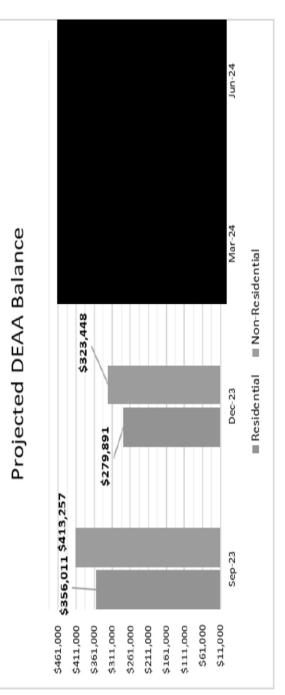
Status			
Next 12 months VAR (\$m)	198.7	81.2	63.3
Est. BTER costs for the Test Period (\$m)	1,845.9	492.9	143.5
VaR Notification Threshold (\$m)	100	09	20
Company	VV Energy South	VV Energy North	VV Energy LDC

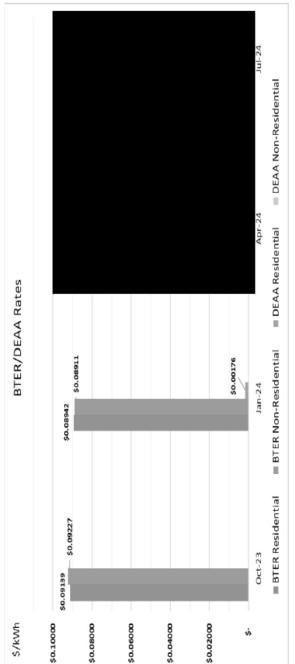
Notification Required	
Near Notification Threshold	
Notification Not Required	



REDACTED PUBLIC VERSION

Base Tariff Energy Rates and DEAA Balances -**NPC Electric**

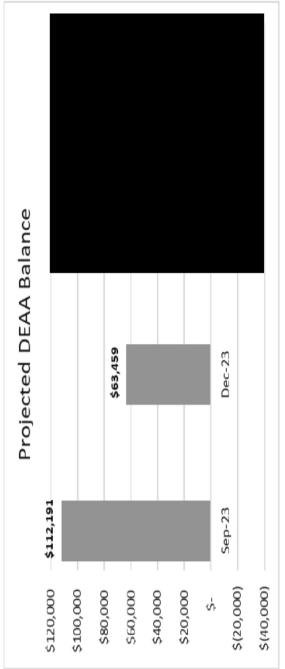




Negative = over collection Positive = under collection

REDACTED PUBLIC VERSION

Base Tariff Energy Rates and DEAA Balances -**SPPC Electric**



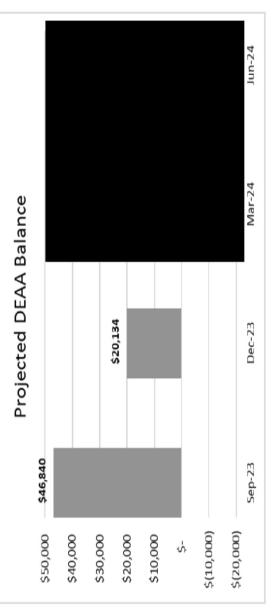


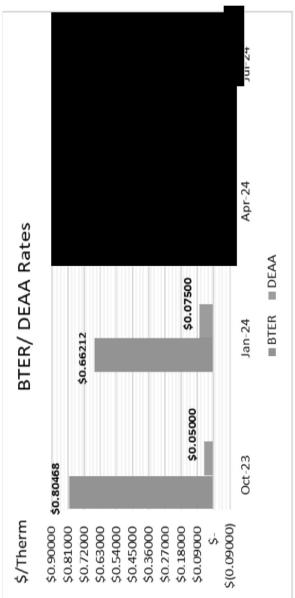


Negative = over collection Positive = under collection

REDACTED PUBLIC VERSION

Base Tariff Energy Rates and DEAA Balances -SPPC LDC

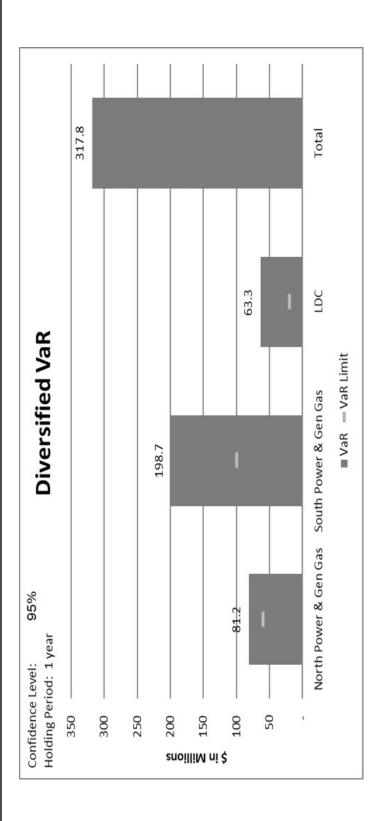




Negative = over collection Positive = under collection



Portfolio Value-at-Risk Charts

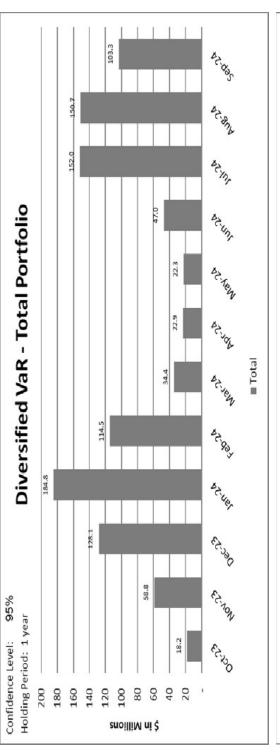


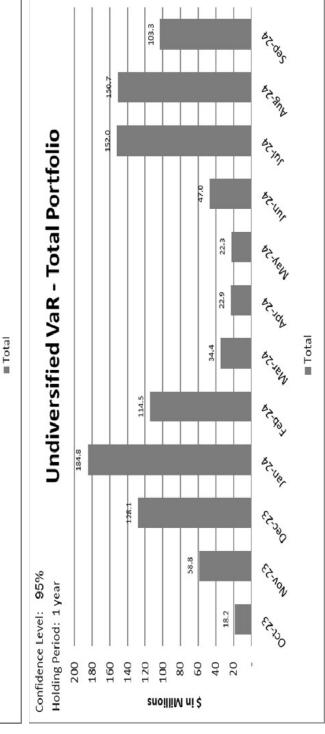
Value-at-Risk
(also referred to as Cash-Flow-at-Risk when used in analyzing liquidity requirements)

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*

ompany	Actuals	Notification Threshold	Status
V Energy	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*

NV Energy The weighted average rating for the month of BBB- or above—in September "AAA" September "AAAA" actual MTM exposition of the month of the	Notification Threshold
	th of BBB- or above—interim notification threshold and an actual MTM exposure threshold of \$10M

Notification Required	
Near Notification Threshold	
Notification Not Required	

^{*} 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	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	AAA to AA-	\$20.0M	
	during the month. ConocoPhillips - \$10.6M/\$10.4M/\$6.1M	A+ to A-	\$15.0M	
	Citadel Energy Marketing - \$31.6M			•
		BBB+ to BBB-	\$10.0M)
		BB+	\$6.0M	
		Less than BB+	\$0	



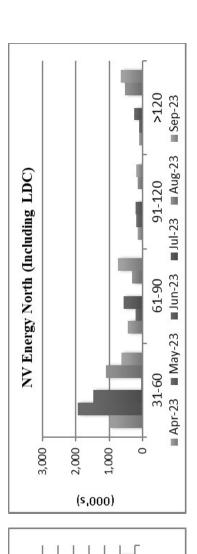
Notification Not Required

Notification Required

Near Notification Threshold

Medium-Large Major Commercial Customers Arrears Balance

Company	Month	Arrears Balance (\$K)	Total Monthly Current Receivables for the Past 12 Months (SK)	% in Arrears	Largest Arrears Balance of a Single Customer (\$K)
	23-Mar 23-Apr	1,788.91	287,966.5	0.621%	1115.0
NV Energy	23-Jun	4,040.06	293,350.8	1.377%	1375.3
South	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
	23-Apr	1,674.63	66,134.6	2.532%	417.0
	23-May	2,452.78	73,763.2	3.325%	583.9
NV Energy	23-Jun	2,509.25	82,652.8	3.036%	621.6
North/LDC	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





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Hundreds 36,000 - 9,000 - 9,000 - 9,000

54,000 45,000 >120

91-120

61-90

31-60

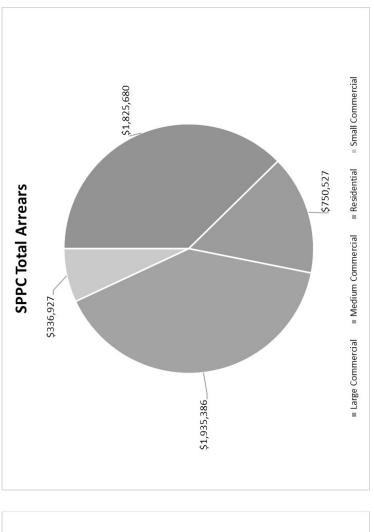
NV Energy South

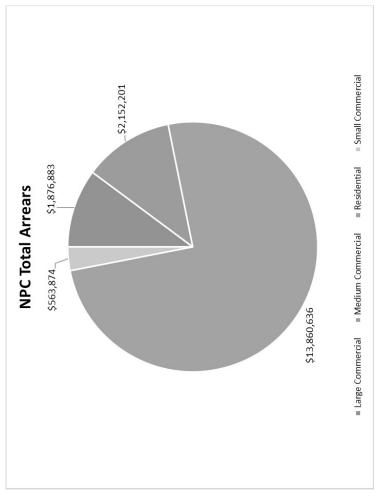
■ Sep-23

■ Apr-23 ■ May-23 ■ Jun-23 ■ Jul-23 ■ Aug-23

Medium-Large Major Commercial and Residential

Arrears Balance







Data from Banner - Run date 9/30//23

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Recommendations and Corrective Action

No corrective action is necessary at this time

