Attachment A
NV Energy Customer Price Stability Tariff

Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy ("NV Energy") prepared this document to describe and support the NV Energy Customer Price Stability Tariff (the "Program").

I. Introduction

NV Energy and its early predecessors began powering growth and development in the Silver State long before Nevada celebrated statehood. NV Energy takes personally the opportunity to power the lives of our customers, and recognizes that it is our privilege and responsibility to serve Nevada's energy needs now and in the future.

Since March of this year, the coronavirus (COVID-19) pandemic has caused unprecedented disruption to the Nevada economy, which relies heavily on tourism and hospitality. Travel restrictions and mandatory business closures have resulted in a devastating drop in revenue for our customers including municipalities, school districts, the Nevada System for Higher Education and convention authorities who are facing unprecedented impacts on their budgets and ability to perform critical services for our community. These customers are currently facing financial hardships like none experienced before which in turn impacts the incomes of many Nevada residents they employ and limits the services they can provide Nevada as recovery commences. It is not known how long they will feel the impacts of this crisis.

To help Nevada and its customers get through the current conditions, and to assist its customers in revitalizing their financial lives as they emerge from the current circumstances, NV Energy has prepared a plan to assist Nevada in its recovery efforts. The NV Energy Foundation, which is not funded through customer rates, has already announced a $1 million donation to community aid organizations that help families and individuals in need by providing nutritional, housing and mental health support and expanded energy payment assistance programs. NV Energy continues to suspend disconnects for nonpayment and is waiving penalties associated with late payment for those effected by COVID-19. Similarly, NV Energy has developed extended payment options for its residential and commercial customers to help them manage their finances while maintaining essential electric and gas service to help these businesses operate.

As previously stated, NV Energy continues to be committed to file with the Public Utilities Commission of Nevada ("Commission") the first week of June a general rate review to reduce its revenue requirement by $120 million. This is the largest decrease in revenue requirement that NV Energy has ever sought, and if approved, will represent rate relief for all of its customers. This is in addition to the $105.7 million decrease NV Energy implemented on April 1, and an additional rate decrease of $30.6 million that, if approved by the Commission, will take effect on October 1. All customers benefit from these savings and will be assisted in their recovery through the reduction in energy costs, making those funds available to pay employees or invest in business recovery.

NV Energy has an opportunity to further help a broad range of hard hit businesses and critical services by offering a new option that reduces the price they pay for energy services, and brings price certainty and stability over the long-term to aid in the State's economic recovery. Thus, NV Energy is seeking Commission approval of the Program that will base the price customers pay for energy off new renewable energy resources being built in Nevada. Not only will these prices based off these new projects result in stable prices for many of Nevada's largest employers and various government entities including municipalities, school districts and convention authorities, but the these new projects are also creating hundreds of jobs and driving economic development in the State at a time of need. NV Energy is requesting that the pricing under the Program become available in 2022, this price relief will act as a second phase of support to ensure that business not only get back on their feet but also have the financial resources to make a sustained recovery over the long term. Considering the current economic environment, NV Energy understands that a solution cannot increase costs to non-participating customers over the life of the Program. As a result, NV Energy has designed the Program as a balanced solution that provides value to all customer segments and does not increase costs for any customer segment.

However, it is important to note that even before this pandemic, energy markets across the country were in a state of flux. Customers were demanding stable energy pricing while scrutinizing their electricity options with an eye to lowering carbon footprints and greening their supply chains.[1] Commercial customers, in particular ones who consume more than 8,760 megawatt-hours of electricity each year, expressed the same sentiments.

NV Energy has experienced these consumer driven trends and can attest to the fact that Nevada's own energy landscape has changed dramatically in the last several years. Beginning in 2014, "eligible" customers,[2] directly and indirectly voiced a desire for new energy products and services. Some indirectly expressed their position, either through political or legislative action. Many filed applications under Chapter 704B requesting authorization to purchase energy from someone other than NV Energy (i.e., a provider of a new electric resource or, for the purposes of this document, an "alternative provider"). The Commission granted several applications; some customers chose to purchase energy from an alternative provider, while most, through the efforts of NV Energy, opted to continue to purchase energy from NV Energy. However, those who chose

[1] Mckinsey.com "Less carbon means more flexibility: Recognizing the rise of new resources in the electricity market," October 2018 (accessed November 11, 2019).
[2] As defined by Chapter 704B of the Nevada Revised Statutes.

to continue to purchase energy from NV Energy did so with the understanding that NV Energy would propose the Program being discussed here, which is designed to meet some of their energy procurement goals. Failure to respond to these customers' demands will once again invite uncertainty into Nevada's energy landscape and economy.

Had this later group of customers continued down the path of purchasing energy from an alternative energy provider, the loss of load associated with these customers would have had a negative impact on NV Energy's remaining customers, particularly the residential rate class. Simply put, remaining customers would have experienced higher costs had more 704B eligible customers exited, a circumstance that this Program will significantly mitigate. NV Energy recognizes that the Program needs to balance the interests of all customers while addressing the options and opportunities for participating customers, who might otherwise achieve costs savings and price stability with an alternative supplier. NV Energy understood that a solution could not increase costs to other customers over the life of the Program. The current situation in our community relative to COVID-19 makes this even more critical. In the end, NV Energy has proposed in the Program a balanced solution that provides value to all customer segments and does not, over the life of the Program, increase costs for any customer segment.

In 2019 and early 2020, NV Energy took time to meet with the state's largest customers to understand their specific energy needs, as well as what type of products and services were available to meet these customers' needs. NV Energy's large businesses are great partners, and have a strong commitment to building a better Nevada. Like NV Energy, these customers are dedicated to finding an energy solution that provides the necessary balance of stability and flexibility to more effectively optimize their own businesses, while leveraging the scale of their operations and purchasing power to advance the state's energy policy initiatives. Through this partnership, not only can NV Energy assist in the recovery of their businesses, government agencies, school districts, universities and convention authorities but also assist in the recovery of the Nevada economy as a whole.. The Program's non-participating customers—who are generally employees and customers – benefit through their association with healthy businesses, while also receiving more affordable and stable energy prices from NV Energy. Given the current state of the Nevada economy, these benefits have never been more important.

The radically changing energy market and unprecedented economic times requires the utility to provide customized solutions that deliver price stability and savings to customers, with a focus on renewable resources versus the historic reliance on thermal generation resources. The Program achieves the needs of these large customers while simultaneously promoting economic recovery and growth, and renewable energy development in Nevada. At the same time, NV Energy recognizes all its customers are facing financial struggles, thus the Program ensures that non-participating customers also receive the benefits provided by long-term renewable energy projects – lower costs, reduced carbon emissions, price stability and economic prosperity including the creation of jobs to build new facilities.

NV Energy is not the first utility in the country to request approval to depart from the traditional regulatory construct by working on customized products and services such as the Program described below. Utilities across North America – from the west coast to the deep south – offer optional pricing programs designed to meet the needs – and retain the business of – larger customers. The Program provides the same type of practical solution for larger customers within Nevada. The Program will, if approved by the Commission, change the nature of Nevada's energy landscape for the better by allowing NV Energy the opportunity to continue to sell energy to large, higher-load factor customers through the development of large scale renewable projects in Nevada.

The commitments made by these customers in turn allows NV Energy to make long-term commitments to low-cost, stable energy supply contracts; moreover, the commitments made by these large, higher-load factor customers also helps NV Energy integrate renewable energy into its system. Quite simply, the Program directly assists Nevada in meeting its energy policy objectives. More specifically, the Program furthers Governor Sisloak's clean energy policy and injects significant capital into Nevada's economy through renewable energy development and carbon reduction measures.[3]

To make a further point on meeting Nevada's energy policy objectives, it is important to recognize that these objectives are about more than just renewable energy. They are about leveraging the rapidly declining costs of renewable energy as a principle driver for economic development, and recovery, throughout the state of Nevada. As one of the most appealing solar development areas in the world, Nevada attracts scores of project developers seeking to capitalize on an abundance of sunlight which creates high solar capacity factors. Whether these projects come to fruition is a function of many different considerations, however – make no mistake about it – the path to successful development is most clear when NV Energy executes a contract to procure the output from the project. NV Energy's balance sheet, combined with its ability to integrate variable energy resources into Nevada's bulk electric system with relatively low risk, results in the lowest possible energy pricing and the best value proposition for the customer, which in turn maximizes any projects' prospects of getting built. And it is only when projects get built that Nevadans are able to realize the full potential of economic benefits that result from one of Nevada's greatest natural resources – its abundance of sunshine-filled days.

[3] See Executive Order 2019-22, dated November 22, 2019, attached here to Appendix 1

The aforementioned economic benefits come in many different forms – or channels – which are injected into the local and broader state economy and assist in its recovery and long-term stability. These channels represent the jobs and economic activity directly attributable to the project itself (direct), the employment and value-added contributions that are supported through the project's supply chain (indirect) and the economic benefit that results as employees of the project spend their incomes in the local community (induced or multiplier).[4] The realization of these economic benefits, combined with the stabilization of energy prices brought about by fixed-cost renewable energy resources, and the strengthening of local industries benefitting from that energy price stability creates a flywheel effect which will assist in the recovery of Nevada's dynamic economy.

NV Energy is committed to continued collaboration that results in energy policies and regulations that support options like the Program that contributes to the economic recovery of Nevada and future growth in our State without increasing costs for residential and small business customers. That way, everyone benefits.

II. The need for the NV Energy Customer Price Stability Tariff

NV Energy has developed the Program to respond to overwhelming customer requests for price stability and potential cost savings in meeting customer specific business needs and, in some instances, sustainability objectives. However, as times have drastically changed and the State is facing unprecedented times due to Covid 19, the Program will contribute to the economic recovery of some of the states hardest hit industries and government agencies. Nevada's economy is significantly concentrated in a handful of industries: tourism and gaming, mining, natural resource technologies, information technology, manufacturing and logistics, health, aerospace and defense.

[4] See NERA report, "Economic Costs and Economic Impacts of Additional Resource Cases for the Third Amendment to the 2018 Integrated Resource Plan," Docket No. 19-06039, Volume 2, ECON-6.

Not surprisingly, many of NV Energy's largest customers include companies that make these industries their primary business, as well as municipalities, state government agencies and school districts. These customers are some of the hardest hit during the pandemic, which then in turns impacts their employees, students, residents and all NV Energy's customers. Now more than ever, these customers rely on NV Energy to provide safe, reliable energy at a stable, affordable price. As NV Energy delivers on this promise, the customers that participate in the Program – in many cases among the largest companies and government agencies in the world – may more effectively operate their businesses and agencies, and continue to serve as the backbone of Nevada's dynamic economic engine, as they have in decades past, and will continue to do in the decades to come. Moreover, the more of these larger, stable customers NV Energy can continue to serve on its system, the better it is able to execute on its long-term Integrated Resource Plan to serve all of its customers. In addition, price stability and savings under the Program would be realized by several government agencies and municipalities, allowing them to devote more of their financial resources to serving, citizens, students and the communities at large.

Approval of the Program will facilitate these customer objectives by substituting a fixed-price Energy Resource Rate, as well as a fixed Program Participation Rate (both defined in the tariff), for the base tariff energy rate ("BTER") and deferred energy accounting adjustment ("DEAA"). NV Energy will initially offer the Program with the intention to meet all current customer demand. Future demand for the Program, if any, will be presented to the Commission as the need is identified.

III. Explanation of the Program

A. Program Pricing Overview

NV Energy has designed the Program to provide for a limited term of five years, subject to Commission approval of an alternative term, featuring a fixed energy price component, termed the Energy Resource Rate, for the purpose of providing an increased measure of price certainty to eligible customers. The Commission will review and issue an order on each individual customer agreement and it has the ability to extend the Program beyond the five-year term on a customer by customer basis. The Energy Resource Rate has a basis in the solar production costs of the three most recently approved power purchase agreements for the output of renewable energy facilities executed by NV Energy.[5] Through the addition of these significant, low-cost, fixed price renewable resources to its generation profile, NV Energy is able to provide a fixed energy price component to eligible customers, providing them with the ability to more accurately budget for their energy costs over the course of the five year term.

In addition to the Energy Resource Rate, eligible customers will pay a fixed energy price component, termed the Program Participation Rate. The Program Participation Rate is designed to offset system costs that should be shared by all customers such as battery energy storage procurement[6] and wholesale market capacity purchases, natural gas transportation charges, excess rooftop solar costs, and legacy renewable energy power purchase agreements. NV Energy will

---

[5] *See* Docket No. 19-06039, NV Energy's Third Amendment to the Joint 2018 Integrated Resource Plan. Specifically, NV Energy stated in testimony (Direct Testimony of Mr. Jack McGinley) and in the Supply Side Narrative, that the three solar projects support customer demands for energy supply.

[6] The Energy Storage Charge is calculated by first determining the percentage of the expected consumption of each utility's Program subscriber base during the hours of 4 p.m. to 9 p.m. between June 1 to August 31, relative to each respective utility's total customer consumption during the same period. This percentage is then multiplied by each utility's allocated energy storage costs. The result of this multiplication is then divided by the total number of expected megawatt hours consumed by the Program subscribers, the result of which is a dollar per megawatt-hour charge allocated to participating customers representing cost for battery energy storage capacity.

apply a fixed Program Participation Rate based on the average forecast of these unavoidable cost components over the five-year term.

The following table provides an overview of the fixed five year dollar per megawatt-hour Program Rate.

Rate Component	Nevada Power	Sierra
Energy Resource Rate	$ 24.07	$21.76
Program Participation Rate	$ 12.59	$ 8.27
Total Rate (fixed for five years)	$ 36.66	$30.03

The Companies have developed forecasts of these costs that will indicatively represent the expected cost of the Program Rate as a whole (the Energy Resource Rate and the Program Participation Rate collectively create the "Program Rate"). While these cost elements are variable, they are reasonably predictable. Through the Program Rate, subscribing customers will be able to achieve a measure of price stability as it is substituted for the BTER and DEAA the customer would otherwise have paid were they not enrolled in the Program.

In addition to the fixed Program Rate, subscribing customers will continue to be responsible for other costs under the otherwise applicable tariff. Using the LGS3-P tariff as an example, the below charges would remain applicable:

1. The basic service charge ("BSC");
2. The base tariff general rate ("BTGR") recovering the embedded cost of distribution, transmission and generation;
3. The renewable energy program rate ("REPR");
4. The universal energy charge ("UEC");
5. The temporary renewable energy development charge ("TRED");
6. The energy efficiency rates;
7. Demand charge(s);

8. A facilities charge; and
9. An additional meter charge as applicable.

To summarize, the Program offers large, higher-load factor non-governmental customers and larger governmental customer's price stability – a fixed-price energy rate – and the potential for energy savings. In addition, the Program provides quantitative and qualitative benefits to non-participating customers as discussed below. The Program ensures participating customers contribute to fixed-costs, as well as paying BTGR and the unavoidable costs normally collected through the BTER. Thus, the participating customer continues to pay their portion of costs associated with operating the grid for the services they receive and do not shift these costs to any other nonparticipating customers.

B. Program Term Length

The Program features a five-year term starting in 2022 when the Program Rate will be in effect for all subscribing customers. The rates will be in place for the entirety of the five years of the Program. The Commission has the ability to extend the period on a customer by customer basis.

C. Program Eligibility

A non-governmental, fully bundled customer with an average consumption of 8,760 megawatt-hours per year and a load factor of at least 50 percent, or a governmental customer with an average consumption of 8,760 megawatt-hours per year, is eligible for the Program. Under the Program, a customer will enter into a special customer agreement that prices the subscribing customer's energy and establishes other terms and conditions for participation in the Program. NV Energy will request Commission approval of each customer agreement before it can become effective.

D. Subscription Allotments

As discussed above, eligible customers will enter into a special contract that provides for an allotment of annual megawatt-hours to be utilized each year under the Program. Customers will have the ability to shape their annual allotment of megawatt-hours across four quarterly periods, to resemble forecasted energy usage throughout the year, however, each year's annual allotment must be the same.

E. Subscription Bandwidths

During any quarter, if the customer subscription amount is less than the customer's actual quarterly consumption, the subscribing customer will be billed at that quarter's BTER and DEAA for any energy consumed in excess of 110 percent of their quarterly subscription amount. In the event that the quarterly subscription amount is greater than the subscribing customer's quarterly consumption, the customer will remain responsible for payment of 90 percent of their quarterly subscription amount, regardless of their actual quarterly consumption. Unused subscription amounts will not be carried forward.

F. Subscription Allotment Adjustments

In recognition of the subscription bandwidths required by the Program, as well as the changing nature of weather patterns and other factors that impact electricity demand, eligible customers will be allowed a one-time adjustment of up to 10 percent (increase or decrease) to their subscription allotment during the five year term of the Program, if requested in writing 12 months after the effective date of the customer agreement. However, the eligible customer's ability to adjust the subscription amounts greater than its original subscription amounts is at the sole and reasonable discretion of NV Energy and will be managed based in part on the availability of resources.

G. Termination

All subscribing customers must enroll in the Program for the five-year term. Those wishing to exit from the Program prior to the conclusion of the five-year term may do so only after participating in the Program for a minimum of three years. Should an eligible participant wish to terminate participation in the Program prior to three years, they will be required to pay 90 percent of their annual subscription allotment for all periods remaining after their termination from the Program and the minimum enrollment period of three years. Program participants wishing to terminate participation in the Program after three years of enrollment may do so at no expense, however, they will not be permitted to re-enroll. Program termination will require a 90-day written notification period so NV Energy may make modifications to accommodate for changes to the customer's bill.

H. Overall Program Allotment

NV Energy received significant interest in the previous iteration of the Program, when it conducted a solicitation of interest in March 2019. Totaling the demand of all customers indicating interest in the Program results in approximately 3.1 million megawatt hours (2.84 million from Nevada Power customers and 0.26 million from Sierra customers). NV Energy would like to accommodate all customer interest at the Program's offering, rather than offering several staggered or subsequent offerings, to facilitate an even and holistic administration of the terms and conditions of the Program, and to streamline Program rules and design, as well as NV Energy's own internal administrative procedures, such as metering, billing, etc. Additionally, this will provide for a more comprehensive examination of the costs and benefits of the Program for consideration by the Commission and respond to the need based on current economic conditions.

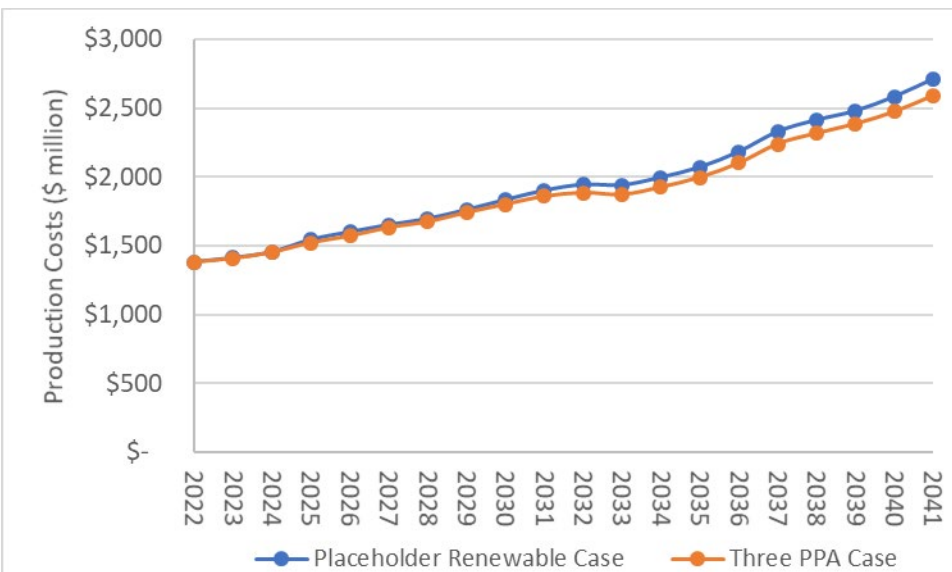
IV. Quantitative Benefits

As a result of the long-term load stability provided by large commercial customers remaining as full service customers, NV Energy was able to execute power purchase agreements ("PPAs") to efficiently integrate the offtake of three of the largest solar plus battery energy storage facilities in the world into NV Energy's system, specifically Moapa Solar, Southern Bighorn Solar, and the Gemini project. The 20-year Present Worth Revenue Requirement ("PWRR") reduction resulting from the addition of these three projects to NV Energy's system in 2022 dollars is approximately $402 million ($324 million at Nevada Power and $78 million at Sierra). Stated another way, the 20-year PWRR resulting from the addition of the three projects proposed in the Third Amendment to the Integrated Resource Plan ("IRP") requires $402 million less revenue to be collected by NV Energy than a case without these projects. See Appendix 2 for a detailed description of analysis completed.

NV Energy has forecasted the costs of the Program over the five-year term, based on accommodating all customers who sought to enroll as of March 2019, to be approximately $130 million ($122 million at Nevada Power and $8 million at Sierra). This provides for quantitative benefits remaining from the three executed PPAs of approximately $272 million, which flow to all customers over the first 20 years of the three agreements.

To verify NV Energy's forecasted benefits were accurate, NV Energy retained the services of Navigant Consulting, Inc., n/k/a Guidehouse Inc. ("Navigant") to conduct a cost effectiveness assessment of the proposed Program using the ratepayer impact measurement ("RIM") test. The overall benefit cost output for the Program as proposed with a limited five-year term resulted (as confirmed by NV Energy's forecasts) in present value benefits totaling $402 million, present value costs of $130 million, a net present value of $272 million and a benefit cost ratio of 3.1. Based on these results the Program, as proposed, is cost-effective from the RIM test perspective and results in net benefits to all customers (participants and non-participants).[7]

An additional key quantitative benefit of the Program, highlighted by Navigant, is reduced renewable portfolio standard (RPS) compliance costs. This is derived based on the difference in production costs of the "Placeholder Renewable Case" and the "Three PPA Case", which can be visualized in the figure below. The "Placeholder Renewable Case" satisfies NV Energy's entire RPS compliance using a prospective renewable resources scenario where the production costs are higher due to the expiring investment tax credit (ITC) and the assumption that shorter-term contracts would be needed. The Three PPA Case models all three plants (i.e., Gemini, Southern Bighorn, and Moapa) and future renewable resources to satisfy NV Energy's RPS compliance.



A summary of Navigant's analysis can be found in Appendix 3.

[7] Navigant performed an additional benefit-cost analysis as an alternative scenario assuming all participants would choose to remain in the Program for the full 20 year life of the power purchase agreements. The non-cost-effective results of this alternative scenario were informative and support NV Energy's proposal to limit the Program term to five years. NV Energy will evaluate the Program's success after the first few years and determine if a new or modified version of the Program should be submitted to the Commission for review and approval.

V. Qualitative Benefits of the Program

As stated above, NV Energy developed the Program to respond to customer demand and has received consistent and direct feedback from its large commercial customers that they desire a product that is competitively priced, predictable and stable, and, in some instances, assists them in meeting corporate sustainability goals. NV Energy being able to deliver a product like the Program was a significant factor in many customers making the decision to retain NV Energy as their energy supplier. Meeting the needs of these customers provides a variety of qualitative benefits for all customers, including 1) providing for more stable customer and load planning assumptions from which to build the Integrated Resource Plan, 2) building upon Nevada's continued leadership position in renewable energy, consistent with legislative policy and economic development objectives, 3) showing Nevada has a progressive regulatory environment that supports delivering the products and services customers demand which fosters economic development, and 4) efficient compliance with the Nevada RPS.

A. Building the IRP from More Stable Planning Assumptions

When large commercial customers remain as customers of NV Energy, it allows NV Energy to make stable long-term planning assumptions regarding significant loads when building its IRP. The stable presence of significant, high-load factor commercial customers allows NV Energy to engage in long-term resource planning, and more specifically, to engage in fixed-price, low-cost, long-term commitments to provide for energy, capacity and renewable attributes on behalf of all customers. These resources serve as the foundation of a generation portfolio which provides for affordable and predictable customer bills, and shields customers from fuel and market volatility for decades into the future.

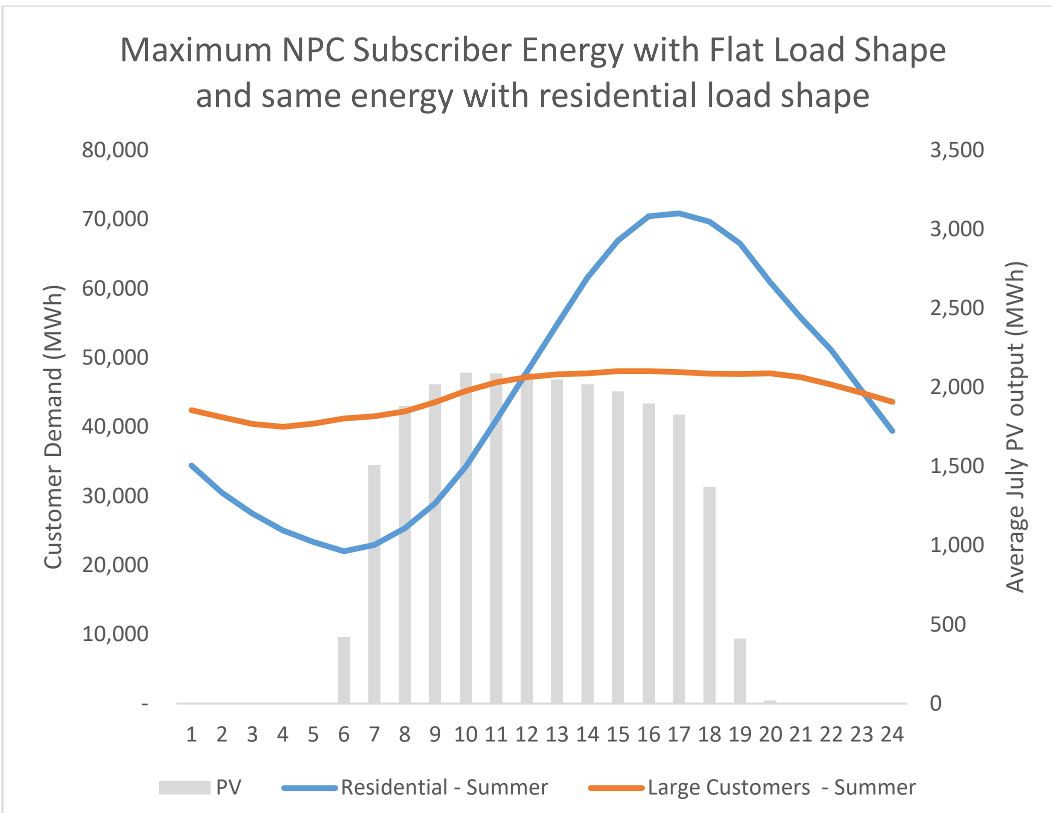
B. Building upon Nevada's Continued Leadership in Renewable Energy

Additionally, existence of the Program enables NV Energy to meet the ever-increasing demands of their larger customers while continuing to build upon Nevada's position of leadership in renewable energy development, consistent with legislative policy and economic development objectives. Through the long-term procurement of fixed-cost, renewable generating facilities, NV Energy de-risks the cost of a portion of their energy generating portfolio while also achieving the following objectives:

- Driving economic development and job creation in one of the State's most critical employment sectors. As identified in the Third Amendment, the three new contracts provide $3.86 billion in new investment in the state, deliver quality projects built with union labor, provide over 3,000 new construction jobs and roughly 40 long-term permanent jobs with an impact of $100 million over the life of the contracts.
- Displacing carbon emissions throughout the State as well as the region
- Attracting premier businesses to the State, which provide high-paying jobs, and economic development
- Achieving legislative policy goals related to environmental sustainability, such as an advanced RPS and carbon emission reductions

C. Efficient Compliance with the Nevada RPS

As a result of providing the Program, NV Energy provides a competitive alternative for large commercial customers who previously looked to utilize an alternative energy provider, thereby, reducing the costs of compliance with the state's RPS. As NV Energy continues to procure the output of utility-scale solar and energy storage facilities as the lowest-cost renewable resource in which to meet legislatively mandated RPS compliance, the need for large, high-load factor customers to absorb solar production during periods of relatively low demand becomes paramount for purposes of keeping electric rates low. The graph below shows Nevada Power's maximum subscription energy for the Program assuming participating customer's typical daily summer load shape and the same amount of energy assuming a typical daily summer residential customer's load shape. The typical daily solar PV output is superimposed on the graph. The graph shows the large commercial customer shape is more closely aligned with the solar PV output.



Without this commercial and governmental customer load, NV Energy would be forced to either resell production from solar resources into wholesale markets increasingly saturated with solar production, or to procure even greater amounts of storage technology. The ability to sell solar production to commercial and governmental customers at a known price effectively de-risks the cost of NV Energy meeting mandated compliances, while providing for the wide array of other benefits inherent in displacing carbon-emitting resources with renewable resources.

VI. An Industry Trend

The approach NV Energy is suggesting is not unique and reflects a growing trend among utilities offering specialized products and services to customer segments. NV Energy also had Navigant survey the electric industry to determine if other utilities offer similar programs. The results of the survey conclude that there are many other utilities offering unique tariffs and special offerings to respond to customer demands, such as 1) load retention; 2) providing marginal cost pricing; and 3) providing for a dedicated renewable resource. Pacific Gas & Electric, Dominion, Nova Scotia Power and Alliant Energy have all provided tariff offerings seeking to retain load. These tariff offerings operate primarily to provide straight discounts for large commercial and industrial customers in exchange for the value their load provides to the utility electric system, and by extension, all other customers. Navigant consultant group's summary of these unique tariff offerings is as follows:

> The last five years has seen a rapid increase in optional offerings by electric utilities for large commercial and industrial customers. As the cost of renewable energy facilities such as wind and solar have fallen, utilities have offered price-competitive programs that allow customers to achieve bill savings by leveraging the output of fixed-price renewable energy generating resources. While the structure and details of the programs vary, the main features are relatively constant: offering a utility-based alternative to customer-owned renewables and associated load loss; providing a hedge on future fuel costs to customers; and maintaining fixed cost recovery. The most straightforward way for utilities to structure these programs is as an offset purchase, similar to the proposed Program. The customer will pay the regular bill for their usage, but some of the rate will be replaced by the production cost of a dedicated renewable energy resource.

In addition to the utilities offering tariffs to retain load, other utilities offer various programs to meet customer demands. For example, Duke Energy in North Carolina and Portland General

Electric offer programs where the customer or the utility can negotiate power purchase agreements with developers. Other utilities such as Xcel Energy, Florida Power & Light, and Madison Gas & Electric offer programs that use renewable generation that is owned and operated by the utility. This generation becomes part of the utility's ratebase, but is paid for directly by the participating customers. Such an approach allows the utility to leverage the willingness of some of their customers to pay to add additional renewable sources to their generation fleet. Utility-owned programs also allow the utility to assign some of the benefits of the program to non-participants. Either way, participating customers pay the price for the energy generated by the resource and receive a credit on their bill to represent the avoided costs of the generation. The fixed costs are still recovered via the base tariff for which the customer remains responsible.

Similar to what has been proposed and accepted in other jurisdictions, NV Energy has put forth a Program and tariff filing which addresses a customer segment demand by replacing part of the energy rate with the production cost of the allocated energy resources, specifically to help address load retention. This approach does not result in shifting costs to other customers, ensures the participating customer segment pays the base costs of service and as discussed above, contributes to the retention of customers who would otherwise have the opportunity to use an alternative provider. Through the Program all customers benefit.

VII. Statutory authority for creating the program.

Statutory authority for the Program can be found in Nevada's rich history of addressing needs for electric service with unique contractual rate arrangements.

Utility rates, tolls, charges and practices are established or set by the Commission. Nevada Revised Statutes ("NRS") § 704.001(4). The Commission also has the authority to "prescribe classifications of the service of all public utilities and, except as otherwise provided in NRS

704.075 [addressing natural gas incentive rates], fix and regulate the rates therefore." NRS § 704.210(1)(b). A utility may not make a change in any schedule unless it is filed with and approved by the Commission. NRS § 704.100(1)(a). The Commission must investigate the propriety of any proposed changes to a utility's schedules. NRS § 704.110(1). "Changes to schedules" includes the adoption of new schedules. NRS § 704.068.

Resting on these statutory provisions, as early as 1995, the Commission has approved special contracts and special contract rates for electric service that have been designed to accommodate customers with unique needs for electric service.[8] In 1997, the Commission issued an Advisory Opinion confirming its authority under NRS Chapter 704 to consider and approve special contracts with special contract rates for electric service entered into between utilities and uniquely situated customers. There the Commission stated that it "will continue to exercise such authority in those instances where approval of a special contract is sought consistent with those special contract filings previously approved by the Commission."[9] Thus, the Commission has expressly determined that it has the statutory authority to consider and approve special contracts for electric service where such special contracts 1) address unique needs for electric service, and 2) are filed pursuant to approved tariffs that establish the availability of special contract rates. These two elements being met by the proposed Program, the Commission has the authority pursuant to Chapter 704 to consider and approve special contracts for electric service.

---

[8] Sierra developed and negotiated tariffs and rate agreements to secure large expansions of high load factor mining properties during industry restructuring. Docket Nos. 95-10041, 95-10042 and 95-10043, Sierra advice letters proposing a new tariff schedule (tariff GS-4C) and customer agreement, including special rates, to accommodate the unique needs of Newmont Gold. See also, Docket Nos. 96-6013 and 96-6014, an advice letter (tariff GS-4T) and customer agreement, including special rates, to accommodate the unique needs of Barrick Goldstrike. Subsequent agreements pursuant to these tariffs were negotiated, filed and approved by the Commission for Placer Dome Mining (now Barrick's Cortez facility), Eagle Picher Mines and others.

[9] *In re Petition by Nevada Power Company for an Advisory Opinion as to the applicability of Chapters 703 and 704 of the Nevada Revised states to Special Contracts for Electric Utility Service*, PUCN Docket No. 97-05021, ¶12 (June 16, 1997).

In addition, most recently, the Commission approved a market price energy tariff ("MPE Tariff") and special contract for the LV Stadium Events Company.[10] In those dockets, NV Energy cited to the same statutory and legal authority discussed above in requesting approval of the MPE Tariff and the special contract. Thus, the Commission has reiterated its statutory authority to approve special contracts for electric service.

VIII. Tariff Design for the Program.

Key provisions of the attached Program tariff include the following:

Applicability: Service under the Program is available to bundled retail customers within the Nevada Power Company or Sierra Pacific Power Company's respective service territories with consumption of a minimum of 8,760 megawatt hours per year and a minimum load factor of 50 percent and a governmental entity, including, without limitation, a governmental entity providing educational or health care services, that: 1) Performs its functions using one or more facilities which are operated under a common budget and common control; and 2) has an average annual load of 8,760 megawatt hours per year in the service territory of an electric utility. The Program offering will be limited to the customers who applied and were eligible to participate in the open enrollment offering conducted on March 25, 2019. The initial offering resulted in 35 customers submitting applications for approximately 3.1 million annual megawatt hours into the Program (2.84 million from Nevada Power customers and 0.26 million from Sierra customers).

Rates for Service: As presented above, subscribing customers do not pay the utility's current BTER or DEAA, and instead pay a Program Rate made up of the Energy

[10] *See* Docket Nos. 19-10011 and 19-10012.

Resource Rate calculated based on the cost of the three renewable PPAs approved in the Third Amendment to the 2018 IRP and, a Program Participation Rate and all other otherwise applicable rates.

Periodic Open Season: Initial offerings will be limited to roughly 3.1 million megawatt hours. Future offerings will be based on periodic solicitations of interest to set the amount of annual or term consumption, as well as new resource approval, as presented in a future IRP.

Term: The contract term for service under the Program tariff is five years, with a commencement date of January 1, 2022, and minimum participation of three years. Should an eligible participant wish to terminate participation in the Program prior to three years, they will be required to pay 90 percent of their annual subscription allotment for all periods remaining after their termination from the Program and the minimum enrollment period of three years. Program participants wishing to terminate participation in the Program after three years of enrollment may do so at no expense, however, they will not be permitted to re-enroll. Program termination of any kind will require a 90-day written notification period.

Customer Agreements: The Commission will approve each customer agreement entered into with NV Energy. The agreement will describe the specifics of the transaction including the term, the Energy Resource Rate, Program Rate and subscription amount.

IX. Conclusion

Large electric customers in Nevada will be seeking aggressive ways to lower their costs as the COVID-19 crisis abates, and they work to return to normal operations. The Program is the solution NV Energy's customers need now, more than ever. Large customers have had, and continue to have, the opportunity to obtain electric services from an alternative provider, and unless Nevada creates a regulatory environment that offers the energy products and services demanded by these customers, they will take actions to obtain them by either modifying the regulatory environment or moving outside the regulatory environment, all to the detriment of other customers. The State's economy cannot suffer another hit. The Program provides the required elements of pricing and stability, driven from renewable energy projects built in Nevada, and achieves balance and fairness by also providing substantial, ongoing benefits for all customers

Providing price stability and retention of these commercial and governmental customers is essential for the achievement of the state's energy objectives and recovery from the COVID-19 economic crisis. Retention of these customers and their associated electric load brings long term benefits in the form of economic development, new renewable resources within the state, and the ability to secure fixed-price, low-cost, long-term commitments to provide for energy, capacity and renewable attributes on behalf of all customers. Passage of this Program is critical to helping all NV Energy customers and our great state to overcome the effects of the current pandemic and to restoring our thriving economy.