



Nevada's Energy Future: Key Principles

This document was developed to promote positive discussion between stakeholders pertaining to the "Energy Choice" initiative, and what it might mean for the State of Nevada's future. Given the complicated nature of restructuring a regulated industry, this original document was prepared by NV Energy, following several meetings and conversations with interested parties, and is meant to facilitate additional dialogue and alignment on key principles.

What is not included here is any discussion of risk, or a compilation of lessons-learned from areas of the country that have taken steps toward deregulation of historically regulated energy markets.

Principles

- 1. Customers across all segments want and value choice.** Energy choice can take many forms: choice of service provider, choice in energy supply, and choice in energy programs. In the near future, choice could be improved through the development of a smarter grid that provides customers more control and greater flexibility. To the extent possible, Nevada's energy policies should encourage and promote customer choice.
- 2. Customers want a cleaner energy mix.** There appears to be a push across several segments of Nevada's service population to transition away from carbon-based fuel used for generating energy to cleaner technologies. The price of universal scale solar energy has declined rapidly in the past five years. Moreover, Nevada has exceptional geothermal and solar resources. Nevada's energy policy should encourage the development of a diverse and cost-effective supply of clean energy that draws on domestic resources when appropriate.
- 3. Customers want low cost reliable energy.** A reliable supply of reasonably priced energy is essential to the health, welfare and economic well-being of Nevadans. Energy is a critical input to the State's economy. Nevada's energy policy should foster an environment that consistently and reliably provides energy to all Nevadans at reasonable prices. The move to energy choice, however defined in the future, should not result in customer price increases, when compared to the current regulated model.
- 4. Market restructuring must not shift costs to vulnerable populations.** Energy is an essential service and more so than in other areas of the country, monthly bills in Nevada can vary dramatically with usage, leaving economically disadvantaged or vulnerable segments of Nevada's population particularly exposed. Changes in the regulatory environment should not harm these segments of the population.

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- 5. Market restructuring must not result in unrealized investment or stranded assets.** Under the existing regulatory regime, NV Energy and its contracted suppliers have invested significant sums in Nevada and dedicated their assets to serving the public. These investments have benefitted local communities, bringing short- and long-term jobs and a solid tax base. The contracts with NV Energy’s suppliers, approved through the regulatory process, have been instrumental in the state moving to a cleaner generation portfolio, while meeting Renewable Portfolio Standards (RPS) legislative mandates. Investment decisions have been made by NV Energy and its suppliers based on the regulatory compact. The key tenets of the regulatory compact must be honored, and investment-backed expectations must be recognized and respected.
- 6. Market restructuring should seek to protect the employment of Nevadans.** NV Energy and its contracted suppliers employ a significant number of Nevadans. These employees have dedicated their careers to meeting Nevada’s energy needs. More specifically, the employees are committed to providing energy safely, reliably and efficiently while delivering best-in-class service to customers. Changes in Nevada’s regulatory regime need to ensure these employees continue to be employed in the service of providing Nevada with its energy.
- 7. Market participants should compete on a level playing field and be subjected to the same requirements.** Opening up Nevada’s energy market to competitive choice, in whatever form it takes, will make it critical to ensure that rules are in place to treat all providers equitably. To further this discussion, examples are provided below:

 - a. If one company, provider or supplier is asked to comply with consumer protection standards in serving Nevadans, then all companies should be asked to do so.
 - b. If one company, provider, or supplier is asked to manage a customer complaint resolution process, then all companies should have a similar process.
 - c. If one company is asked to meet renewable portfolio or energy efficiency standards, or charge customers directly for social or public policy program costs, then all companies should do the same.
- 8. Broad based stakeholder involvement in any restructuring of Nevada’s energy market is fundamental to ensuring alignment around policy objectives; sufficient planning, education and execution; and to reducing uncertainty that could impact future investment of capital in the state.**