

NV leaders work hard to pass NV Energy bill

By Andrew Doughman, Las Vegas Sun

NV Energy's plan to shut down coal plants in Nevada moved forward Friday with strong support from some of Nevada's most influential politicians and business interests.

Republican Gov. Brian Sandoval, Democratic U.S. Senate Majority Leader Harry Reid, the casino and resort industry, labor unions and state legislators supported a third version of Senate Bill 123, which the utility calls "NVision."

"The benefits of this for Nevadans are great," said Sandoval and Reid in a joint statement.

Following a flurry of private negotiations, the state's power brokers reached a deal earlier this week.



Gov. Brian Sandoval and Sen. Harry Reid are lobbying hard for the NV Energy bill.
Photo/LTN file

A legislative committee unanimously passed the negotiated version of the bill out of committee May 17, the first move toward making NVision the law.

Under the bill, the utility would divest from 800 megawatts of coal by 2019 with the controversial Reid Gardner coal plant in Clark County closing by 2017.

The utility's latest iteration of its plan mandates an accelerated exit from the coal market in exchange for the utility reserving the right to own and operate 550 megawatts of new power generation, which would help the utility's profit margins.

The Legislature would also mandate NV Energy to construct, acquire or contract for 350 megawatts of renewable energy, which would count toward the state's Renewable Portfolio Standard, another legislative mandate requiring the state to derive 25 percent of its power from renewable sources by 2025.

For years, the environmental community, Reid's office, and the nearby Moapa Band of Paiutes has hounded the utility to close the Reid Gardner coal plant. The Paiutes have brought a lawsuit alleging that pollution from the plant has harmed the health of the group.

"Retiring coal plants while developing new, renewable energy projects is right for Nevada," Reid said in a statement.

Although three of the Reid Gardner units rarely operate, the bill would call for their official closure by the end of 2014. The larger and newer fourth unit would close by 2017 after the utility buys out a California stakeholder.

Sen. Kelvin Atkinson, D-North Las Vegas, said NV Energy, casino representatives, the governor's office, Reid's office, and labor unions worked for countless hours to craft this compromise.

"It was a lot of people that came together," he said.

Legislators generally seemed pleased with the compromise in which the Public Utilities Commission would exercise more

oversight over the utility than in previous versions of the bill.

The amendment also significantly decreases the amount of power generation the utility would construct, own or acquire in exchange for replacing coal. The first version of the bill had 2,600 megawatts of replacement capacity. The latest version has 900 megawatts.

This essentially means that the bill will result in a lower rate increase for consumers than originally forecast.

Although the committee did not take testimony during a rushed work session on the bill, Atkinson did invite the utility, supportive gaming representatives, and energy regulators to the testify on the bill.

The Public Utilities Commission, the body that regulates NV Energy, told legislators that one provision of the bill involving rate mitigation could actually let the company earn more by capping rate increases at 5 percent.

The utility would get to charge interest on the balance of a rate increase above 5 percent, meaning that the company could collect more over time from ratepayers than it would under a straight rate increase.

Otherwise, the commission would now have more authority to decide when the utility would build new power generation. It would also get to modify the utility's plans to build new power generation.

The bill now heads for a vote on the Senate floor. It then faces another full hearing in the Assembly Commerce and Labor committee, where supporters and opposition will have another chance to spar.

But it may be difficult to defeat the bill with support from Reid, powerful utility and gaming lobbyists, and the unusually

strong support from Sandoval.

While Sandoval normally does not comment on legislation because it could change before it reaches his desk, he earlier endorsed this proposal in its second iteration and has maintained support through significant changes in the third and current version.

“I look forward to working with the Legislature on this important public policy and urge the Legislature’s support so that I can sign it into law,” he said.

The Legislature has just over two weeks to pass the bill and get it to the governor within the 120-day legislative session, which ends June 3.