

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Nevada Power Company                    )                    Docket No. EL22-73-000**  
**Sierra Pacific Power Company        )**

**COMMENTS OF THE  
PUBLIC UTILITIES COMMISSION OF NEVADA**

Pursuant to Rule 207 and Rule 202 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), the Combined Notice of Filing dated July 7, 2022, Section 219 of the Federal Power Act, Order No. 679,<sup>1</sup> and the Policy Statement providing guidance regarding the evaluation of applications for electric transmission incentives under Section 219 of the Federal Power Act, the Public Utilities Commission of Nevada (“PUCN”) submits these Comments.

**I.       Introduction**

Through the filing of these Comments, the PUCN seeks to preserve its right to participate in subsequent Section 205 proceedings,<sup>2</sup> at which time concerns about the impact of any incentive-based rate treatment on NV Energy’s rates resulting from the Greenlink Nevada Transmission Project (“Greenlink”) may be raised.<sup>3</sup> The PUCN recognizes that raising concerns about rate impacts may be considered premature at this juncture but wishes to make the Commission aware of the PUCN’s concerns now out of an abundance of caution.<sup>4</sup>

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<sup>1</sup> *Promoting Transmission Investment through Pricing Reform*, Order No. 679, Stats. & Regs. ¶ 31,222 (2006), *order on reh’g*, Order No. 679-A, FERC Stats. & Regs. ¶ 31,236, *order on reh’g*, 119 FERC ¶ 61,062 (2007).

<sup>2</sup> Order No. 679 at P. 78.

<sup>3</sup> *Id.* at Para. 43.

<sup>4</sup> *Id.*

The PUCN is responsible for the regulation of public utilities within the State of Nevada, including, but not limited to, establishing retail electric rates, the review and approval of electric resource plans, and the issuance of permits to construct utility facilities.<sup>5</sup> Order No. 679 provides:

With regard to state review, the Commission recognizes that incentives for many utilities are incorporated into rates that must receive state commission approval and that many decisions on siting and permitting of new facilities are under the jurisdiction of state and local government authorities. Because of this, we will carefully consider the views of any state bodies having jurisdiction over these matters.<sup>6</sup>

The PUCN recognizes that the Commission has determined that it will not and that it has not adopted any requirement regarding state approval of the incentives set forth in Order No. 679.<sup>7</sup> However, the PUCN urges the Commission to be cognizant of the potential rate impacts associated with Greenlink that may come about as a result of a Section 205 or 206 filing.

## **2. Greenlink and Order No. 679 Incentives**

NV Energy accurately describes Greenlink. The magnitude of the cost, scale, and scope of Greenlink for Nevada is extraordinary. There is no dispute regarding the importance of the project and the benefits it will afford Nevada and the region. The PUCN agrees with NV Energy that the project satisfies the requirements set forth in Order No. 679 for incentives in that it enhances reliability and reduces transmission congestion. The Commission has determined that the package of incentives requested, *i.e.*, recovery of 100 percent of Construction Work in Progress, recovery of 100 percent of pre-commercial costs as an expense or as a regulatory asset, and recovery of 100 percent of prudently-incurred costs of transmission facilities abandoned for reasons beyond the applicant's control, reduces the financial and regulatory risks associated with

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<sup>5</sup> See Nevada Revised Statutes Chapters 703 and 704 and the Nevada Administrative Code Chapters 703 and 704.

<sup>6</sup> Order No. 679 at Para. 54.

<sup>7</sup> *Id.* at Para. 54.

transmission investment.<sup>8</sup> The PUCN acknowledges the Commission’s jurisdiction in evaluating the incentives, but asks that the Commission consider the potential rate impacts to Nevada ratepayers in its evaluation.

### **3. PUCN Approval and Nevada Incentives**

Incentives in Nevada begin with a request by the electric utility for critical facility designation.<sup>9</sup> NV Energy requested critical facility designation for Greenlink as part of its joint application for approval of its fourth amendment to its 2018 integrated resource plan.<sup>10</sup> The PUCN approved Greenlink West in Docket No. 20-07023.<sup>11</sup> However, the PUCN declined to grant critical facility treatment for either Sierra Pacific or Nevada Power at that time.<sup>12</sup> While contending that Greenlink West met all of the criteria set forth in NRS 704.9484(2), NV Energy told the PUCN that it would go forward with Greenlink West without critical facility designation.<sup>13</sup> The PUCN found that this transmission expansion is needed for the State’s renewable goals but also found that it must balance these needs with the need for import capacity and cost.<sup>14</sup>

The PUCN later approved a Stipulation in Docket No. 21-06001, within which the Signatories agreed that the PUCN should find that the Transmission Infrastructure for a Clean Energy Economy Plan (“TICEEP”) (aka Greenlink North) is adequate and to authorize NV

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<sup>8</sup> Order No. 679 at Para. 115, 117 and 163 and Policy Statement at Para. 11.

<sup>9</sup> NRS 704.9484.

<sup>10</sup> *Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the fourth amendment to its 2018 Joint Integrated Resource Plan to update and modify the renewable portion of the Supply-Side Action Plan and the Transmission Action Plan*, Docket No. 20-07023, Order at Para. 598 (March 22, 2021). Attached to Petition as Exhibit No. NVE-003.

<sup>11</sup> In its Order approving NV Energy’s Application, the PUCN limited approval for Greenlink North to conceptual design, permitting, and land acquisition and allowed NV Energy to request construction approval in a future integrated resource plan. *Id.* at Para. 514, subs. g.

<sup>12</sup> *Id.* at Para. 631.

<sup>13</sup> The PUCN acknowledges that Order No. 679 rejects the “but for” argument at Para. 48.

<sup>14</sup> Docket No. 20-07023 at Para. 312.

Energy to commence development and construction.<sup>15</sup> The Signatories to the Stipulation recommended that the PUCN find that NV Energy may request critical facility designation for the Greenlink North and Harry Allen to Northwest 525 kV projects because they fulfill the statutory requirements but to not grant or authorize any incentives and instead reserve the incentives determination for a future proceeding.<sup>16</sup>

NRS 704.79878(1) was enacted by the Nevada Legislature during its 2021 legislative session. This legislation provides that, in implementing the TICEEP, the utility shall mitigate costs to the extent possible by utilizing federal tax incentives and federal funding, including, without limitation, direct and indirect grants and load guarantees. Additionally, if the amount of the utility's revenue requirement would increase by more than 10 percent, the utility must propose a rate method or mechanism by which such an increase may be mitigated.<sup>17</sup>

Importantly, NRS 704.79878(2) states, "Nothing in this subsection shall be construed as requiring the [PUCN] to provide a financial incentive to an electric utility." As a result, the PUCN is taking a measured view of the impact that incentives may have on customers of the utilities while recognizing the statutory requirement to limit "rate shock."

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<sup>15</sup> Docket No. 21-06001, Stip. at Para. 3.

<sup>16</sup> *Id.*, Stip. at Para. 4.

<sup>17</sup> NRS 79878(2).

#### 4. Conclusion

For the reasons stated herein and consistent with Order No. 679, the PUCN urges the Commission to carefully consider the views of the PUCN and to be mindful of the rate impacts resulting from the construction of Greenlink.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2019, I hereby certify that I have this day serviced a copy of the forgoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated this 1<sup>st</sup> day of August 2022, in Carson City, Nevada.

By: /s/ Connie Westadt  
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