

## **Nevada's Transmission Project Processes**

### **December 10, 2004**

#### ***Planning***

The Nevada PUC approves Nevada Power and Sierra Pacific transmission projects as part of the Integrated Resource Planning process. In recent history these have all been intrastate projects but some have interstate benefits. Resource Planning approval means that the project has been deemed to be in the public interest but the costs associated with the project are subject to review in a rate case following construction.

#### ***Siting and Construction***

Construction of transmission facilities in Nevada requires a Utility Environmental Protection Act (UEPA) permit. Local Governments are exempt from the UEPA but all other entities must obtain an UEPA for utility facilities (including transmission 200 kV or greater) built in Nevada. In order to obtain the UEPA, an entity must prove that it has applied for and obtained all local, state and federal environmental and siting permits and an entity must demonstrate that there is a "need" for the project. The determination of "need" includes findings relative to the reliability benefits of the project to consumers in Nevada, the need outweighing any environmental impact, and promoting the public interest (see NRS 704.890 at <http://leg.state.nv.us/NRS/> for a complete statement of the law).

#### ***Cost Recovery through bundled and unbundled rates***

I can't improve upon the description provided by Becky in her draft. The one unique aspect of Nevada's transmission allocation and rate determination process is that Nevada allows customers with a load of 1 MB or larger to contract for their own power. The law requires these customers to procure at least half of their resources from a new source in Nevada (i.e., to either build their own source or to contract with another entity that is building new generation). Transmission service to allow these "exiting customers" to import part of their resources presents some issues which may not be experienced in other intermountain west states.