BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Application of Nevada Power Company d/b/a NV Energy for approval of its 2013 Annual Demand Side Management Update Report as it relates to the Action Plan of its 2013-2032 Integrated Resource Plan.	)	Docket No. 13-07002
Application of Sierra Pacific Power Company d/b/a NV Energy for approval of its 2014-2033 Triennial Integrated Resource Plan and 2014-2016 Energy Supply Plan.	)	Docket No. 13-07005

At a general session of the Public Utilities Commission of Nevada, held at its offices on December 16, 2013.

PRESENT: Chairman Alaina Burtenshaw
Commissioner Rebecca D. Wagner
Commissioner David Noble
Assistant Commission Secretary Breanne Potter

ORDER: PHASE II

The Public Utilities Commission of Nevada ("Commission") makes the following findings of fact and conclusions of law:

I. INTRODUCTION

Nevada Power Company d/b/a NV Energy ("Nevada Power") filed with the Commission an Application, designated as Docket No. 13-07002, for approval of its 2013 Annual Demand Side Management ("DSM") Update Report as it relates to the Action Plan for its 2013-2032 Integrated Resource Plan ("IRP"). Sierra Pacific Power Company d/b/a NV Energy ("Sierra," collectively with Nevada Power, "NV Energy") filed with the Commission an Application, designated as Docket No. 13-07005, for approval of its 2014-2033 Triennial IRP and 2014-2016 Energy Supply Plan ("ESP").

II. SUMMARY

The Commission grants Nevada Power's and Sierra's Applications as set forth below.

III. PROCEDURAL HISTORY

• On July 1, 2013, Nevada Power filed with the Commission an Application, designated as Docket No. 13-07002, for approval of its 2013 Annual Electric DSM Update Report as it relates

DOCUMENT REVIEW AND APPROVAL ROUTING

DRAFTED BY: RW/RB

FINAL DRAFT ON 12/16/13 AT 4:50 P.M

REVIEWED & APPROVED BY: DATE

- [ ] ADMIN / ASST. ( ) / /
- [x] COMM / COUNSEL GCW 12/16/12
- [ ] SECRETARY / ASST. SEC. / /
- [ ] OTHER ( ) / /

to the Action Plan of its 2013-2032 IRP.

• On July 1, 2013, Sierra filed with the Commission an Application, designated as Docket No. 13-07005, for approval of its 2014-2033 IRP and 2014-2016 ESP.

• The Application by Nevada Power in Docket No. 13-07002 was filed pursuant to Nevada Revised Statutes ("NRS") and Nevada Administrative Code ("NAC") Chapters 703 and 704, including, but not limited to, NAC 704.934. Pursuant to NAC 703.527 through 703.5282, Nevada Power requests that certain material in its Application receive confidential treatment.

• The Application by Sierra in Docket No. 13-07005 was filed pursuant to NRS and NAC Chapters 703 and 704, including, but not limited to, NRS 704.741 and NAC 704.9005 through 704.9525. Pursuant to NAC 703.527 through 703.5282, Sierra requests confidential treatment of certain material in its Application.

• On July 9, 2013, the Commission issued a Notice of Application for Approval of 2013 Annual DSM Update Report and Notice of Prehearing Conference in Docket No. 13-07002.

• On July 10, 2013, the Commission issued a Notice of Electric Utility's Integrated Resource Plan and Notice of Prehearing Conference in Docket No. 13-07005.

• The Regulatory Operations Staff ("Staff") of the Commission participates in Docket Nos. 13-07002 and 13-07005 as a matter of right pursuant to NRS 703.301.

• On July 11, 2013, the Attorney General's Bureau of Consumer Protection ("BCP") filed a Notice of Intent to Intervene in Docket No. 13-07002 pursuant to Chapter 228 of the NRS.

• On July 12, 2013, BCP filed a Notice of Intent to Intervene in Docket No. 13-07005 pursuant to Chapter 228 of the NRS.

• On July 17, 2013, Sierra filed Errata No. 1 to its Application in Docket No. 13-07005.

• On July 26, 2013, Apple Inc. ("Apple") filed a Petition for Leave to Intervene ("PLTI") and a Notice of Association in Docket No. 13-07005. On August 16, 2013, the Presiding Officer issued a Corrected Order granting Apple's PLTI in Docket No. 13-07005.

• On July 31, 2013, Building & Construction Trades Council of Northern Nevada ("B&C Trades Council") filed a PLTI in Docket No. 13-07005. On August 16, 2013, the Presiding Officer issued an Order granting B&C Trades Council's PLTI in Docket No. 13-07005.

• On July 31, 2013, ENERNOC, Inc. ("EnerNOC") filed a PLTI in Docket No. 13-07005. On August 16, 2013, the Presiding Officer issued a Corrected Order granting EnerNOC's PLTI in Docket No. 13-07005.

• On July 31, 2013, Nevadans for Clean Affordable Reliable Energy ("NCARE") filed PLTIs in Docket Nos. 13-07002 and 13-07005. On August 14, 2013, the Presiding Officer issued Orders granting NCARE's PLTIs in Docket Nos. 13-07002 and 13-07005.

• On July 31, 2013, Newmont USA, Ltd. ("Newmont") filed a PLTI in Docket No. 13-07005. On August 16, 2013, the Presiding Officer issued an Order granting Newmont's PLTI in Docket No. 13-07005.

• On July 31, 2013, Northern Nevada Industrial Electric Users ("NNIEU") filed a PLTI in Docket No. 13-07005. On August 16, 2013, the Presiding Officer issued an Order granting NNIEU's PLTI in Docket No. 13-07005.

• On August 5, 2013, the Commission held Prehearing Conferences in Docket Nos. 13-07002 and 13-07005. BCP, NCARE, Nevada Power and Staff appeared in Docket No. 13-07002. Apple, BCP, B&C Trades Council, EnerNOC, NCARE, Newmont, NNIEU, Sierra and Staff appeared in Docket No. 13-07005. The Prehearing Conferences focused on consolidation of Docket Nos. 13-07002 and 13-07005, the PLTIs, and a procedural schedule.

• On August 9, 2013, the Presiding Officer issued Procedural Order No. 1 consolidating Docket Nos. 13-07002 and 13-07005 for hearing purposes and establishing a procedural schedule. The consolidated Dockets were bifurcated into two phases with Phase I consisting of all of the issues related to the ESP portion of Sierra's Application in Docket No. 13-07005 and Phase II consisting of all of the non-ESP related issues of Sierra's Application in Docket No. 13-07005 and the DSM-related issues contained in Nevada Power's Application in Docket No. 13-07002.

• On September 16, 2013, BCP, Sierra and Staff filed a Stipulation resolving Phase I issues. Apple, NCARE, Newmont and NNIEU filed letters with the Commission stating that they did not oppose the Stipulation. B&C Trades Council and EnerNOC represented at the Docket No. 13-07005 Prehearing Conference that they did not intend to participate in the ESP portion of the proceedings. (Transcript at 8-10.)

• On September 20, 2013, Sierra filed Errata No. 2 to its Application in Docket No. 13-07005.

• On September 26, 2013, the Commission issued a Notice of Hearing on Phase I.

• On October 2, 2013, the Commission issued a Notice of Hearing on Phase II.

• On October 9, 2013, Staff, Sierra and BCP filed their first of two Phase II Stipulations resolving certain non-DSM Phase II issues. Apple, NCARE, B&C Trades Council, Newmont and NNIEU signified that they do not oppose the first Stipulation.

• On October 14, 2013, EnerNOC, Staff and BCP filed direct testimony pertaining to Phase II DSM issues.

• On October 15, 2013, NCARE filed direct testimony pertaining to Phase II DSM issues.

• On October 15, 2013, the Commission entered Order: Phase I – Energy Supply Plan that resolved Phase I issues.

• On October 18, 2013, Staff, Sierra, BCP, Apple, Newmont and NNIEU filed the second of two Phase II Stipulations (the "Fort Churchill Solar Array Stipulation") resolving the remaining non-DSM Phase II issues.

• On October 22, 2013, the Commission entered Corrected Order: Phase I – Energy Supply Plan.

• On October 28, 2013, Sierra and Nevada Power filed rebuttal testimony pertaining to Phase II DSM issues.

• On November 4, 2013, the Commission held a hearing on Phase II in Docket Nos. 13-07002 and 13-07005. Sierra, Nevada Power, Staff, BCP, EnerNOC, NCARE, Apple, B&C Trades Council, Newmont and NNIEU participated in the hearing. Exhibit Nos. 1 through 6 and Confidential Exhibit No. 1 were entered into the record as evidence.

IV. STIPULATIONS

A. First Phase II Stipulation

Parties' Position

1. The parties to the first Phase II Stipulation agree and recommend that the Commission approve the Stipulation, attached hereto as Attachment 1. The Stipulation resolves all non-DSM Phase II issues except for the Fort Churchill Solar Array request, described below.

Commission Discussion and Findings

2. The Commission finds that the first Phase II Stipulation is a consensus resolution of the issues pursuant to the stipulating parties' negotiations and is a reasonable recommendations and resolution of the identified issues in this proceeding. The Commission further finds that, in accordance with NAC 703.845, the first Phase II Stipulation settles only issues relating to the above-captioned proceeding and does not seek relief that the Commission is not otherwise empowered to grant. Therefore, the Commission finds that it is in the public interest to accept the first Phase II Stipulation.

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B. Fort Churchill Solar Array Stipulation

Parties' Position

3. The parties to the Fort Churchill Solar Array Stipulation agree and recommend that the Commissions approve the Stipulation, attached hereto as Attachment 2. The Stipulation resolves Sierra's Fort Churchill Solar Array request, which sought approval of the agreements necessary to facilitate the deployment of the renewable energy facility.

Commission Discussion and Findings

4. The Commission finds that the Fort Churchill Solar Array Stipulation is a consensus resolution of the issues pursuant to the stipulating parties' negotiations and is a reasonable recommendation and resolution of the identified issues in this proceeding. The Commission further finds that, in accordance with NAC 703.845, the Fort Churchill Solar Array Stipulation settles only issues relating to the above-captioned proceeding and does not seek relief that the Commission is not otherwise empowered to grant. Therefore, the Commission finds that it is in the public interest to accept the Fort Churchill Solar Array Stipulation.

V. DSM

A. Portfolio Credit Limitation Proposal

Parties' Positions

BCP

5. BCP recommends that the Commission modify the 50 percent residential portfolio credit ("PEC") limitation on renewable portfolio standard ("RPS") compliance in order to utilize commercial PECs that otherwise will not be used after 2014. BCP contends that, pursuant to

NRS 704.7821(2)(b), the Commission has the authority to approve a percentage other than 50 percent.[1] (Ex. 47 at 2; 20-21.)

6. BCP specifically recommends that between now and 2024, the Commission waive all requirements regarding the percentage of DSM PECs that must be residential. (Ex. 47 at 21.)

7. BCP states that the combination of existing and planned renewable energy projects, carried-forward PECs and PECs that will be generated from programs implemented before 2012 generate enough PECs to meet RPS compliance through 2025. (Ex. 47 at 15.)

8. BCP recommends two options for funding levels for Nevada Power's and Sierra's DSM programs. For Nevada Power, Option A is based on Commission acceptance of this proposal, and Option B is provided if the Commission does not accept this proposal. For Sierra, Option 1 is based on Commission acceptance of this proposal, and Option 2 is provided if the Commission does not accept this proposal and reallocates funding away from programs that generate commercial PECs. (Ex. 47 at 22 and 25.)

NV Energy Rebuttal

9. NV Energy argues that the annual filing on RPS compliance is the appropriate forum to address modifications to NRS 704.7821(2)(b). Additionally, NV Energy contends that the intent of this requirement is to achieve a reasonable balance of residential and commercial DSM programs. The Commission should only consider a modification to this requirement after all cost-effective residential DSM programs are approved. (Ex. 56 at 5-6).

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[1] NRS 704.7821(2)(b) states: "Of the total amount of electricity that the provider is required to generate, acquire of save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. If the provider intends to use energy efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission."

Commission Discussion and Findings

10. The Commission does not accept BCP's proposal to modify the 50 percent residential PEC limitation on RPS compliance in order to utilize commercial PECs. The Commission agrees with NV Energy that the proper forum to address modifications to RPS compliance requirements is in the annual filing on RPS compliance where all interested parties would have an opportunity to weigh in on this proposal. It is the Commission's position that this proposal is a significant change in policy. While the Commission has this authority pursuant to NRS 704.7821(2)(b), a change in policy must be carefully vetted to ensure that all affected entities receive proper notice and have an opportunity to be heard. Further, a change of this nature requires consideration of the legislative history to determine the intent of the language and to ensure that the Commission is making a policy change that is consistent with that intent. BCP does not provide any legal analysis or legislative history to support its proposal.

B. Nevada Power DSM Programs

Overview

Nevada Power

11. Nevada Power requests acceptance of its DSM Update Report for the 2014 program year as well as acceptance of the 2014 Preferred Plan ("Preferred Plan") budgets and targets. The Preferred Plan recommends that all programs previously approved in Docket No. 12-06053 (2012 IRP) be continued for program year 2014 at the approved budget levels except for the Residential Solar Thermal Water Heating program. Nevada Power recommends that the budget for the Residential Solar Thermal Water Heating program be increased from $100,000 to $200,000. The Preferred Plan has a total budget of $50 million, total energy savings of 136,313,000 kWh with peak demand savings of 87,632 kW, a total resource benefits to cost ratio

of 1.56 and a net benefit of $37.8 million to the communities served by Nevada Power. (Ex. 3 at 3-4; DS-1.)

12. Nevada Power also included two alternative plans[2]: the Maximum Net Benefit Alternative Plan ("Maximum Plan") and the Minimum Impact Alternative Plan ("Minimum Plan"). The Maximum Plan seeks to achieve the greatest magnitude of energy savings and peak demand reductions with an emphasis on peak demand reductions. (Ex. 3 at 22.) The Maximum Plan has a total budget of $62.6 million, total energy savings of 203,638,000 kWh with peak demand savings of 106,616 kW, a total resource benefits to cost ratio of 1.55 and a net benefit of $47.2 million. (Ex. 3 at 30-32.) This plan leads to the greatest short-term increase in rates of the three plans.

13. The Minimum Plan provides the least amount of energy savings and peak demand reductions and has the least impact on avoiding the costs of construction of generation and transmission/distribution facilities. (Ex. 3 at 23.) The Minimum Plan has a total budget of $33 million, total energy savings of 80,651,000 kWh with peak demand savings of 57,690 kW, a total resource benefits to cost ratio of 1.47 and a net benefit of $20.3 million. This plan has the least impact on short-term rates. (Ex. 3 at 33-35.)

BCP

14. BCP recommends that the DSM programs be funded at or near the Minimum Plan budget depending upon the Commission's decision on BCP's proposal to limit PECs used for RPS compliance. In either scenario, BCP argues that a reduced budget is warranted due to the following: (1) uncertainties regarding the amount of DSM that is appropriate for addressing

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[2] Nevada Power notes that alternatives are not required in an annual DSM Update Report. However, it was unclear to Nevada Power if the directive contained in Ordering Paragraph 14 of the Commission's Order dated March 23, 2012, in Docket Nos. 11-07026 and 11-07027 applied to annual DSM Update Reports. (Ex. 44 at 9-10.) Nevada Power seeks clarification on this issue and it is addressed later in this Order.

open positions; (2) additional DSM spending is no longer necessary to achieve RPS compliance; and (3) uncertainties about the cost-effectiveness of DSM programs and future cost avoidance associated with DSM programs.

15. BCP contends that the aforementioned uncertainties include the implementation of Senate Bill 123 of the 77th Session of the Nevada Legislature ("SB123"), the impact of the proposed merger between Nevada Power and Sierra, the impact of the acquisition of NV Energy by MidAmerican Energy Holdings Company, the integration of the One Nevada Transmission Line ("ON-Line") project, the effectiveness of joint dispatch, and the cost-effectiveness of DSM programs. (Ex. 47 at 12.)

16. BCP states that the budget levels should be revisited next year after some of the uncertainties have been addressed. (Ex. 47 at 1-2).

NCARE

17. NCARE recommends the funding at the Preferred Plan level for the following programs: Low Income Weatherization, Residential Energy Efficient Lighting, Second Refrigerator Collection and Recycling, Residential High Efficiency Air Conditioning, Energy Efficient Pools and Spas, Non-Profit Agency Grants, Energy Smart Schools, Market and Technology Trials, and Demand Response. NCARE further recommends that the Energy Education and Consultation program be funded at the Maximum Plan level, the Commercial Incentives program be funded at a level between the Preferred Plan and the Maximum Plan, and the Residential Solar Thermal Water Heating program be funded at the Minimum Plan level. NCARE's recommendations result in a budget of approximately $53.98 million. (Ex. 45 at 17 and 34.)

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18. NCARE recommends that the Commission direct Nevada Power in future filings to directly tie its Preferred Plan to an objective measure. NCARE recommends that Preferred Plan budgets be set to achieve at least one percent in savings as a fraction of total retail kilowatt-hour sales and Maximum Plan budgets be set to achieve at least 1.5 percent savings. NCARE contends that the outcomes of linking the planning scenarios to objective success measures would be greater consistency and transparency, easier analysis of planning options, and more effective decision-making around program and portfolio budget and savings goals. (Ex. 45 at 9.)

Staff

19. Staff recommends acceptance of the Preferred Plan, with two exceptions. Staff proposes to continue to suspend the Residential Energy Efficient Lighting program and recommends that the Residential Solar Thermal Water Heating program remain at the Commission-approved budget of $100,000. Staff recommends a total budget of approximately $47.6 million for Nevada Power's DSM programs. (Ex. 50 at 1-3.)

Nevada Power Rebuttal

20. Nevada Power disagrees with BCP's characterization of existing uncertainties and BCP's proposed methods for dealing with them. Nevada Power states that uncertainties are inherent in most planning processes, but through robust analysis, uncertainties can be addressed. Further, the annual review of DSM portfolios provides an opportunity to adjust and modify programs to address uncertainty. (Ex. 56 at 5.)

21. Nevada Power disagrees with BCP's assertion that there are uncertainties about the cost-effectiveness of DSM and the future cost avoidance that will be achievable through DSM programs. With respect to the impacts of the implementation of SB 123, Nevada Power states that while there will be resource additions, there will also be commensurate retirements of

coal-fired resources. Nevada Power contends that it is reasonable to assume only modest changes in the benefits to costs metrics as a result of SB 123. (Ex. 56 at 7.)

22. Nevada Power disagrees with NCARE's proposal to establish savings targets of 1 percent and 1.5 percent as a fraction of retail kilowatt-hour sales. Nevada Power contends that NCARE did not provide a basis for its proposal and that the recommendation is contrary to the purposes of an integrated resource planning process. Nevada Power recommends that this issue be addressed in the Commission's investigatory docket on DSM issues (Docket No. 12-12030). (Ex. 56 at 8-9.)

Commission Discussion and Findings

23. The Commission accepts Nevada Power's DSM Update Report for the 2014 program year as well as the 2014 Preferred Plan budgets and targets as modified below. The Commission finds that Nevada Power has satisfied its obligation under NAC 704.934(8).

24. The Commission disagrees with BCP's premise that due to uncertainties, DSM programs should be funded at or near the Minimum Plan level. The Commission agrees with Nevada Power that uncertainties are inherent in the planning process and that such uncertainties are more appropriately addressed through the annual review of the DSM programs.

25. While the Commission agrees with NCARE that tying the Preferred and Maximum Plans to an objective target would be helpful, this issue is better addressed in Docket No. 12-12030, where all interested parties will have an opportunity to fully vet this proposal.

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1. Low Income Weatherization Program

Parties' Positions

Nevada Power

26. Nevada Power proposes to fund the Low Income Weatherization program at $500,000 for 2014. This program has estimated energy savings of 492,000 kWh with peak demand savings of 179 kW, total resource benefits to cost ratio of 1.09 and a net benefit of $44,242. (Ex. 3 at 24-26.)

27. Nevada Power states that the Low Income Weatherization program partners with the Nevada Housing Division ("NHD") and its subgrantees to provide low-income customers additional energy efficiency measures in conjunction with its low-income weatherization projects. (Ex. 40 at 6.) Nevada Power asserts that due to the current level of avoided costs and the need to first address health and safety concerns, it is not possible to offer a stand-alone cost-effective program that serves a different set of customers than those being served under NHD's program. Nevada Power will only measure, verify and report results for the energy efficiency measures it funds. (Ex. 40 at 7.)

BCP

28. BCP recommends that the Low Income Weatherization program be funded at $0 under its Option A. Under Option B, BCP recommends funding at the Preferred Plan level of $500,000 for 2014. (Ex. 47 at 25.)

NCARE

29. NCARE recommends funding of the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. (Ex. 45 at 18.)

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Staff

30. Staff recommends funding of the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. Staff states that modifications to the program have increased the 2014 projected Total Resource Cost ("TRC") over the previous projection provided in Docket. No. 12-06053. (Ex. 50 at 4.)

Commission Discussion and Findings

31. The Commission accepts Nevada Power's proposal to fund the Low Income Weatherization program at the Preferred Plan level of $500,000 for 2014. The Commission agrees with Staff that the modifications to the program have increased its cost-effectiveness.

2. Residential Energy Efficient Lighting Program

Parties' Positions

Nevada Power

32. Nevada Power recommends that the Commission reverse the suspension of the Residential Energy Efficient Lighting program and fund it at $2.3 million for 2014. This program has estimated energy savings of 4,660,000 kWh with peak demand savings of 447 kW, total resource benefits to cost ratio of 1.31 and a net benefit of $718,045. (Ex. 3 at 24-25.)

33. Nevada Power states that this program was redesigned for 2014 to include only light-emitting diode ("LED") lighting measures.[3] In its Order from December 24, 2012, in Docket Nos. 12-06052 and 12-06053, the Commission stated that the program was to be suspended until new lighting technologies became more viable replacements for compact fluorescent light ("CFL") technologies. Nevada Power explains that the revised Residential Energy Efficient Lighting program is market-based and provides upstream incentives to

[3] In the Commission Order dated December 24, 2012, in Docket Nos. 12-06052 and 12-06053, the Commission directed Nevada Power to include a revised lighting program in its DSM Update Report.

consumers for the retail purchases of energy efficient LED lighting products that have earned the national ENERGY STAR® rating and logo. (Ex. 41 at 7-8.)

BCP

34. BCP recommends that the Residential Energy Efficient Lighting Program be funded at the Minimum Plan level of $1.2 million under BCP's Option A. Under BCP's Option B, BCP recommends funding at the Preferred Plan level of $2.3 million. BCP contends that this program has a positive TRC and could provide residential customers lower priced access to new technology (LED) with potential savings over 20 years. (Ex. 47 at 25.)

NCARE

35. NCARE recommends funding the Residential Energy Efficient Lighting program at the Preferred Plan level of $2.3 million for 2014. NCARE asserts that because the program was suspended in 2011, Nevada Power has significant ground to make up in building the market for next generation lighting, specifically LED lamps. (Ex. 45 at 18.)

Staff

36. Staff recommends that the Commission reject Nevada Power's proposed Residential Energy Efficient Lighting program at any budget level for 2014. Staff contends that several of Nevada Power's assumptions are incorrect and that, once the assumptions are corrected, the program is not cost-effective. (Ex. 50 at 9, 11.)

37. Staff states that the information provided by Nevada Power was based on Nevada-specific prices for LED lights and Halogen lights. However, Staff contends that these state averages are not being utilized in PortfolioPro, a Microsoft Excel-based analysis and scenario tool for DSM programs employed by NV Energy. Nevada Power utilized averages in the

incremental cost calculation that are below the researched Nevada averages and the other averages provided. (Ex. 49 at 7.)

38. Staff expresses concern that Nevada Power assumes that the base measure for the program is the Halogen bulb. Staff contends that the CFL should account for some, if not a majority, of the base bulb assumption in calculating the cost-effectiveness of the program. The Commission determined that the CFL had taken over a majority of the lighting market and was the new standard bulb in Nevada. (Ex. 50 at 10.)

39. Staff states that Nevada Power provided no information or discussion of the Halogen bulb in testimony or Program Data Sheets. Staff contends that the base measure for any program is vital to all the inputs that feed into the PortfolioPro calculation. It is Staff's position that Nevada Power has not provided enough information to support the Residential Energy Efficient Lighting program at any budget level. (Ex. 50 at 10.)

40. Staff states that if the Commission were to approve the program, then Nevada Power should use the Commission-approved hours of use ("HOU") of 1.9 and heating and cooling interaction factor ("HCIF") of 1. Staff would not support changes to the HOU and HCIF unless Nevada Power provided adequate support justifying new factors that were fully vetted before the Commission. (Ex. 48 at 6.)

Nevada Power Rebuttal

41. Nevada Power contends that Staff's recommendation is based on what appears to be an overall misunderstanding of the assumptions related to the incremental costs and base measure utilized for the energy savings to calculate the cost-effectiveness of the program. Nevada Power reasserts that its computations are reasonable and result in a cost-effective program. (Ex. 53 at 2.)

42. Nevada Power states that it utilized Evaluation, Measurement and Verification ("EM&V") industry best practices when selecting the Energy Independence Standards Act of 2007 ("EISA 2007") standard-compliant Halogen bulb as the appropriate baseline measure. Nevada Power states that the EM&V industry does not utilize CFLs as the baseline measure for residential lighting. (Ex. 53 at 3.)

43. At the hearing, Nevada Power acknowledged that, in Docket Nos. 11-07029 and 11-07027, the Commission determined that the residential lighting market had transformed and that CFLs were the new standard bulbs. However, Nevada Power suggested that the Commission revisit this issue because of the current status of the market as well as the implications of EISA 2007. Nevada Power further acknowledged that it did not specifically explain how it arrived at the pricing of the bulbs used in its analysis. (Tr. at 142-143).

44. Nevada Power reasserts that it utilized the appropriate costs for LED bulbs in the calculation of the incremental costs for use in PortfolioPro. Nevada Power contends that Staff failed to consider program design and delivery in its recommendation. Nevada Power explains that it used the costs that are expected to be experienced by the program as determined by the design and delivery model of the program rather than an average cost. The program will use a Request for Proposal ("RFP") process that will select the lowest-priced bulbs in the market. The program will only support these specific LED bulbs. Nevada Power contends that using actual prices found in retail stores provides a more accurate estimation of the bulb costs. Nevada Power acknowledges that it did not provide this explanation in the spreadsheets, noting that the spreadsheets were developed to look at costs from different perspectives. (Ex. 53 at 5-6.)

45. At the hearing, Nevada Power acknowledged that it did not specifically explain in its testimony how it intended to use an RFP process to determine the pricing of the bulbs used in its analysis. (Tr. at 145.)

46. Nevada Power disagrees with NCARE's recommendation to fund this program at the Maximum Plan level and reasserts that the Preferred Plan funding level is the most appropriate. (Ex. 53 at 10.)

Commission Discussion and Findings

47. The Commission accepts Nevada Power's proposal to reinstate and fund the Residential Energy Efficient Lighting program at the Preferred Plan level of $2.3 million. The Commission appreciates the concerns raised by Staff, but finds compelling the explanations provided by Nevada Power. The Commission also agrees with NCARE that "there is ground to make up in building the market for next generation lighting, specifically LED lamps." However, the Commission finds that the Maximum Plan level is excessive as the program is just being reinstated.

48. The Commission agrees with Staff that Nevada Power should use the Commission-approved HOU of 1.9 and HCIF of one until such time that Nevada Power provides adequate support justifying new factors that are fully vetted before the Commission.

3. Second Refrigerator Collection and Recycling Program

Parties' Positions

Nevada Power

49. Nevada Power proposes to fund the Second Refrigerator Collection and Recycling program at $1.2 million for 2014. This program has estimated energy savings of 5,900,000 kWh

with peak demand savings of 852 kW, total resource benefits to cost ratio of 1.37 and a net benefit of $441,392. (Ex. 3 at 24-25.)

50. Nevada Power states that this program is designed to help customers reduce energy consumption by removing functional second refrigerators or freezers from their homes and permanently removing the units from the market place. Pursuant to changes made in late 2012, the retail component of this program was discontinued. As a result, the freeridership rate was reduced and the cost-effectiveness was increased. (Ex. 41 at 6-7.)

BCP

51. BCP proposes that the Second Refrigerator Collection and Recycling program be funded at $0 under its Option A. Under Option B, BCP recommends that this program be funded at the Preferred Plan level of $1.2 million for 2014. (Ex. 47 at 25).

NCARE

52. NCARE recommends funding the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014. (Ex. 45 at 18.)

Staff

53. Staff recommends funding the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014. Staff states that this program has proven cost-effective with the elimination of the retail component. Staff acknowledges that in the next few years, the program's cost effectiveness will begin to decline due to the recycling of more efficient refrigerators. However, it would be premature to end the program at this time. (Ex. 50 at 3.)

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Commission Discussion and Findings

54. The Commission accepts Nevada Power's proposal to fund the Second Refrigerator Collection and Recycling program at the Preferred Plan level of $1.2 million for 2014 because the cost-effectiveness of the program has improved with the elimination of the retail component.

4. Residential Solar Thermal Water Heating Program

Parties' Positions

Nevada Power

55. Nevada Power proposes to fund the Residential Solar Thermal Water Heating program at $200,000 for 2014. This program has estimated energy savings of 116,000 kWh with peak demand savings of 10 kW, total resource benefits to cost ratio of .31 and a negative net benefit. (Ex. 3 at 24-26.)

56. Nevada Power states that this program provides incentives to residential customers with electric water heaters who install qualifying solar thermal water heating systems. The Residential Solar Thermal Water Heating is included in the 2014 DSM Update report in compliance with NRS 704.741(3)(a) and NAC 704.934(4).

BCP

57. BCP recommends that, under either Option A or Option B, the funding for the Residential Thermal Water Heating program should be eliminated because of low cost-effectiveness.[4] (Ex. 47 at 24.)

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[4] BCPs Chart DJ-12 indicates a funding level of $100,000 under its proposed Option A.

NCARE

58. NCARE recommends funding the Residential Solar Thermal Water Heating program at the Minimum Plan level of $100,000 for 2014 due to its low cost-effectiveness. (Ex. 45 at 19.)

Staff

59. Staff recommends funding the Residential Solar Thermal Water Heating program at the Commission-approved budget level $100,000 (which is the Minimum Plan level). Staff asserts that Nevada Power did not adequately justify its rationale for increasing the budget. (Ex. 50 at 11.)

Commission Discussion and Findings

60. The Commission accepts the recommendations of Staff and NCARE to fund the Residential Solar Thermal Water Heating program at the Minimum Plan level of $100,000. Nevada Power did not adequately justify its rationale for increasing the budget by $100,000.

5. Residential High Efficiency Air Conditioning Program

Parties' Positions

Nevada Power

61. Nevada Power proposes to fund the Residential High Efficiency Air Conditioning program at $12 million for 2014. This program has estimated energy savings of 20,500,000 kWh with peak demand savings of 7,438 kW, total resource benefits to cost ratio of 1.76 and a net benefit of $8.87 million. (Ex. 3 at 24-26.)

62. Nevada Power states that this program encourages customers to make energy efficiency upgrades to existing central air conditioners and heat pumps. The program also

provides early replacement of old and inefficient residential air conditioners and heat pumps with high efficiency systems. (Ex. 41 at 4.)

BCP

63. BCP recommends that the Residential High Efficiency Air Conditioning program be funded at the Minimum Plan level of $5.7 million for both Option A and Option B. (Ex. 47 at 25.)

NCARE

64. NCARE recommends funding the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014. (Ex. 45 at 19.)

Staff

65. Staff recommends funding the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014. Staff acknowledges that this program was barely cost-effective with a TRC of 1.0 in 2012. However, Staff contends that the modifications to the program will increase the TRC in future years. (Ex. 50 at 5.)

Commission Discussion and Findings

66. The Commission accepts Nevada Power's proposal to fund the Residential High Efficiency Air Conditioning program at the Preferred Plan level of $12 million for 2014 because it is projected cost-effective in 2014.

6. Energy Efficient Pools and Spas Program

Parties' Positions

Nevada Power

67. Nevada Power proposes to fund the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. This program has estimated energy savings of

8,800,000 kWh with peak demand savings of 3,351 kW, total resource benefits to cost ratio of 1.95 and a net benefit of $1.7 million. (Ex. 3 at 24-26.)

68. Nevada Power states that this program targets residential customers through retail, distributor and pool professional sales channels. The program provides rebates to industry partners for offering instant point of purchase discounts on variable speed pool pumps. The program requires that the pool pumps be programmed to not operate between 3 pm and 6 pm to increase peak demand savings. (Ex. 42 at 14-15.)

BCP

69. BCP recommends that the Energy Efficient Pools and Spas be funded at the Minimum Plan budget level of $1.2 million for both Option A and Option B. (Ex. 47 at 25.)

NCARE

70. NCARE recommends funding the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. (Ex. 45 at 19.)

Staff

71. Staff recommends funding the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 5.)

Commission Discussion and Findings

72. The Commission accepts Nevada Power's proposal to fund the Energy Efficient Pools and Spas program at the Preferred Plan level of $1.5 million for 2014 based on the program's past and projected cost-effectiveness.

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7. Non-Profit Agency Grants Program

Parties' Positions

Nevada Power

73. Nevada Power proposes to fund the Non-Profit Agency Grants program at $100,000 for 2014. This program has estimated energy savings of 290,000 kWh with peak demand savings of 51 kW, total resource benefits to cost ratio of 1.7 and a net benefit of $62,615. (Ex. 3 at 24-26.)

74. Nevada Power states that the Non-Profit Agency Grants program provides financial assistance to non-profit organizations for the installation of energy efficiency measures in new and existing buildings. (Ex. 40 at 9.)

BCP

75. BCP recommends that the Non-Profit Agency Grant program not be funded (as proposed under the Minimum Plan) to keep overall funding of DSM to a minimum. (Ex. 47 at 25.)

NCARE

76. NCARE recommends funding the Non-Profit Agency Grant program at the Preferred Plan level of $100,000 for 2014. (Ex. 45 at 19.)

Staff

77. Staff recommends funding the Non-Profit Agency Grant program at the Preferred Plan level of $100,000 for 2014. Staff states that this program proved cost-effective in 2012 and continues to be projected as cost-effective in 2014. (Ex. 50 at 4.)

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