CRC/SNWA Energy Supply Program

Las Vegas City Council Meeting

July 15, 2009

Legal Authority

- NRS 704.787 allows the Colorado River Commission of Nevada (CRC) to sell electricity and provide transmission service or distribution service or both to meet the needs of the Southern Nevada Water Authority (SNWA) and its member agencies for their water pumping and wastewater pumping needs
- NRS 704.787 was enacted during the 2001 legislative session
- Approximately 95% of the SNWA's energy needs and 50% of the Las Vegas Valley Water District's energy needs are met through the Energy Supply Program
    - Program is jointly managed by the CRC and the SNWA

Program Overview

- Energy
  - Energy makes up approximately 80% of the cost of electricity
  - Energy is purchased by the CRC in the forward market for a five-year rolling period
  - Sufficient energy is purchased to meet the needs of the SNWA and the participating member agencies based on a forecast of their needs
    - Contractually, the CRC provides the energy to the SNWA who in turn provides it to their participating member agencies
    - A Risk Control Committee makes decisions about how energy is purchased

Program Overview

- Energy (con't)
  - Energy from customer-owned generation is used to meet the customer's needs
    - The financial benefits and detriments of the asset stay with the customer and are not co-mingled with other customers

Program Overview

- Transmission and Distribution
  - Energy purchased by the CRC is delivered over NV Energy's "wires"
  - The CRC pays NV Energy a rate to use its wires
  - NV Energy constructs new electrical facilities and responds to system outages in the same manner as they have in the past
  - Advanced metering allows customers to monitor their energy use in real-time

Program Benefits

- Because power is procured for a rolling five-year period, power costs are largely fixed
  - Since power costs are known, it is easier to budget
- Power purchases can be tailored specifically to meet water pumping and wastewater needs
- Customers participate in energy management decision making via a Risk Control Committee
- Excess generation from customer-owned generation assets is sold at market prices and the proceeds are used to offset customer costs

Up-Front Costs

- NV Energy Exit Fees (Up to $2.4 million)
  - A deferred energy exit fee pays for historical fuel and purchased power expenses
  - An impact fee protects NV Energy and its remaining customers from economic harm due to the customer's decision to switch energy providers
- Metering and Telecommunications ($125k)

Historical and Projected Savings

- Over the last three years, the SNWA has saved approximately $45 million in energy costs
- Future savings for the City are highly dependent upon estimates of NV Energy's retail rates
  - Annual savings for the City are projected to average approximately 8-12% over the next five years