



Funding of Required Facilities for Generator Interconnections and Transmission Service Requests

Policy for Transmission Project Delivery

1. Purpose

This policy sets forth the funding of facilities identified by the Transmission Provider in System Impact Studies, Facilities Studies, and/or contracts for Generator Interconnections or for Transmission Service. This policy is consistent with the NV Energy Open Access Transmission Tariff (“Tariff”).

2. Definitions

The following definitions are as defined in the Large Generator Interconnection Agreement, and are applicable for Section 3 below:

2.1 Distribution Upgrades: shall mean the additions, modifications, and upgrades to the Transmission Provider’s Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the transmission service necessary to effect Interconnection Customer’s wholesale sale of electricity in interstate commerce. Distribution Upgrades do not include Interconnection Facilities.

2.2 Network Upgrades: shall mean the additions, modifications, and upgrades to the Transmission Provider’s Transmission System required at or beyond the point at which the Interconnection Facilities connect to the Transmission Provider’s Transmission System to accommodate the interconnection of the Large Generating Facility to the Transmission Provider’s Transmission System.

2.3 Stand Alone Network Upgrades: shall mean Network Upgrades that an Interconnection Customer may construct without affecting day-to-day operations of the Transmission System during their construction. Both the Transmission Provider and the Interconnection Customer must agree as to what constitutes Stand Alone Network Upgrades and identify them in Appendix A to the Standard Large Generator Interconnection Agreement.

2.4 Transmission Provider's Interconnection Facilities: shall mean all facilities and equipment owned, controlled, or operated by the Transmission Provider from the Point of Change of Ownership to the Point of Interconnection as identified in Appendix A to the Standard Large Generator Interconnection Agreement, including any modifications, additions or upgrades to such facilities and equipment. Transmission Provider's Interconnection Facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades.

The following definitions are as defined in Part I of the Tariff, and are applicable for Section 4 below:

2.5 Direct Assignment Facilities: shall mean facilities or portions of facilities that are constructed by the Transmission Provider for the sole use/benefit of a particular Transmission Customer requesting service under the Tariff. Direct Assignment Facilities shall be specified in the Service Agreement that governs service to the Transmission Customer and shall be subject to Commission approval.

2.6 Network Upgrades: Modifications or additions to transmission-related facilities that are integrated with and support the Transmission Provider's overall Transmission System for the general benefit of all users of such Transmission System.

3. Funding Policy for Facilities Required for Generator Interconnections

Pursuant to Article 11.3 of the Large Generator Interconnection Agreement and Article 5.2 of the Small Generator Interconnection Agreement, any Network Upgrades or Stand Alone Network Upgrades required for the interconnection shall be funded by the Interconnection Customer unless the Transmission Provider chooses to fund them. The funding for Network Upgrades and Stand Alone Network Upgrades constructed by the Transmission Provider (funded upgrades) shall be satisfied as follows:

1. The Interconnection Customer shall be required to provide an Irrevocable Standby Letter of Credit from an institution approved by NV Energy for the entire amount of the identified funded upgrades; other forms of security may be accepted pursuant to Attachment L of the Tariff.
2. The security amount and corresponding schedule for providing such amounts to the Transmission Provider will be identified in the Milestones, which are found in Appendix B of the Large Generator Interconnection Agreement or Attachment 4 of the Small Generator Interconnection Agreement.
3. Security for funded upgrades will be released once the facilities are completed and Commercial Operation Date attained, as defined in the Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, subject

- to the Transmission Provider's final audit of the Transmission Provider Interconnection Facilities, Distribution Upgrades and/or funded upgrades costs. .
4. If Commercial Operation Date is not attained and the funded upgrades have been fully or partially constructed pursuant to the terms and conditions of the Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, the Transmission Provider will draw upon the security provided to recover the cost of the facilities that have been constructed to date. All facility costs incurred by the Interconnection Customer are subject to taxes pursuant to Article 5.17 in the Large Generator Interconnection Agreement or Article 11 in the Small Generator Interconnection Agreement (as appropriate) and the applicable Internal Revenue Service statutes and codes.
 5. If the security provided for the funded upgrades is cash, the Transmission Provider will refund any amounts to be returned to the Interconnection Customer under the foregoing paragraphs with interest calculated consistent with relevant FERC regulations.

When Transmission Provider Interconnection Facilities and/or Distribution Upgrades are identified in a Large Generator Interconnection Agreement or Small Generator Interconnection Agreement, the funding requirements for the Transmission Provider Interconnection Facilities and/or Distribution Upgrades shall be satisfied as follows:

1. The Interconnection Customer shall provide cash for the entire amount of the identified facilities.
2. The cash flow amount and corresponding schedule for providing such amounts to the Transmission Provider will be identified in the Milestones, which are found in Appendix B of the Large Generator Interconnection Agreement or Attachment 4 of the Small Generator Interconnection Agreement.
3. Once the Project has reached Commercial Operation Date, all costs for Transmission Provider Interconnection Facilities and/or Distribution Upgrades will be audited and tried to actual after all costs have been incurred and recorded, consistent with Article 12.2 of the Large Generator Interconnection Agreement or Article 5 of the Small Generator Interconnection Agreement.
4. If Commercial Operation Date is not attained, the Transmission Provider will retain the cost of the facilities fully or partially constructed and refund any amounts collected in excess of those costs.
5. All facilities funded by the Interconnection Customer may be subject to taxes pursuant to Article 5.17 of the Large Generator Interconnection Agreement or

Article 11 of the Small Generator Interconnection Agreement (as appropriate) and the applicable Internal Revenue Service statutes and codes.

6. The Transmission Provider will collect the expected Contribution In Aid of Construction taxes in the year of the proposed Commercial Operation Date as a cash payment, per the Milestones.

4. Funding Policy for Facilities Required for Transmission Service

When Network Upgrades have been identified in a Transmission Service Agreement, the funding requirements for Network Upgrades shall be satisfied as follows:

1. The Transmission Customer shall be required to provide an Irrevocable Standby Letter of Credit from an institution approved by NV Energy for the entire amount of the identified Network Upgrades; other forms of security may be accepted pursuant to Attachment L of the Tariff.
2. The security amount and the corresponding schedule for providing such amounts to the Transmission Provider will be identified in Section 7.0 of the Transmission Service Agreement.
3. Security for Network Upgrades will be released once the facilities have been completed, subject to the Transmission Provider's final audit of the Direct Assignment Facilities and/or Network Upgrades costs, and the Transmission Customer taking and paying for Transmission Service.
4. If the Transmission Customer does not take service and facilities have been built, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended. The Transmission Provider shall draw upon the security provided to recover those costs.
5. If the security provided for the Network Upgrades is cash, the Transmission Provider will refund any amounts to be returned to the Transmission Customer under the foregoing paragraphs with interest calculated consistent with relevant FERC regulations.

When Direct Assignment Facilities are identified in a Transmission Service Agreement, the funding for the Direct Assignment Facilities shall be satisfied as follows:

1. The Transmission Customer shall provide cash for the entire amount of the identified facilities.
2. The cash flow amount and corresponding schedule for providing such amounts to the Transmission Provider will be identified in Section 8.3 of the Transmission Service Agreement.

3. Once the Transmission Customer is taking and paying for Transmission Service, all costs for Direct Assignment Facilities will be audited and tried to actual after all costs have been incurred and recorded. The Transmission Provider will retain the cost of the facilities fully constructed and refund any amounts collected in excess of those costs.
4. Direct Assignment Facilities are built for the sole benefit of the Transmission Customer. If the Transmission Customer does not take service and additions have been built, the Transmission Customer shall be responsible for all prudently incurred costs by the Transmission Provider through the time construction was suspended. The Transmission Provider will collect the cost of the facilities fully or partially constructed, or retain amounts paid subject to refund of any amounts collected in excess of those costs.

Revision History:

This Application will be reviewed periodically and modified if necessary

Version No.	Date	Custodian	Change Summary
1.0	12/15/2014	Kiley McElroy	Original