



PROGRESS REPORT TO THE
ENERGY NEVADA
PROJECT PARTNERS

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Energy Nevada LLC

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SUMMARY

To tap the real potential of the large Energy Nevada public/private partnership, we will need to join together with many northern Nevada groups. Our most important task at this time is leveraging the Carson City initiative as the Energy Nevada “anchor tenant” and bring others into the Energy Nevada Partners. It is increasingly clear – and exciting – that almost every group with whom we talk are pre-disposed to the Energy Nevada opportunities. This is true on the public sector side where people understand and are ready for the economic development and cost savings. This is also true for the manufacturing side for whom the region looks increasingly attractive because of the Energy Nevada public/private partnership.

Toward these ends, Energy Nevada has, in the last month, held very productive meetings with many prospective partners, made significant progress in developing project proposals, and refined the press conference plan. Activities include:

- **Growing the Partners Group:** Meeting with at least six new prospective Energy Nevada Partners
- **Power Project Proposals:** Analyzing utility data for members and nearing the announcement of project proposals
- **Manufacturer Recruitment:** Conversations with previous and at least three new manufacturers that could locate to the area
- **Press and Community Outreach:** Refining the press conference materials and timing. Press conference scheduling is moved to mid January with expectation of involving more Nevada dignitaries
- **Regulatory Background:** Both Carson City and Washoe RTC district attorneys have provided positive legal opinions on Nevada law and the Energy Nevada joiner process. The RTC version will be disturbed soon.

Soon this report and past monthly reports will be available on www.energynevada.com.

GROWING THE PARTNERS GROUP

Some of the recent meetings with potential Energy Nevada Partners include:

Gardnerville Water Company

Mark Gonzales

NOTES: We met to present the Energy Nevada opportunities and discuss the significant water pumping load at the Water Company.

Incline Village GID

Dan St. John

NOTES: Dan St. John prepared a very thorough summary of the Energy Nevada project for the IVGID Board. Energy Nevada made a short presentation and answered questions at the latest Board Meeting. The IVGID Board then unanimously voted to have Dan and staff proceed to examine the Energy Nevada project further and bring a joinder agreement to them at the next Board Meeting.

Copies of Dan’s Energy Nevada summary are available.

Minden, Town of

Greg Hill

NOTES: Minden is a fast growing town with a good sense of their energy opportunities. We met with staff in preparation for later board presentations.

North Lake Tahoe PUD

Leon Schegg

Public Works Director/Asst Gen Mngr

NOTES: NLTPUD has large pumping energy expenditures, but has also recently examined their energy efficiency opportunities. Energy Nevada is doing a preliminary analysis of their loads and facilities to asses opportunities. NLTPUD provided detailed utility data.

Reno, City of

Dorene E. Soto

Economic Development Manager

NOTES: Energy Nevada believes Reno can benefit significantly from participation in the project. We met with economic development group and will soon meet with other staff.

Sun Valley General Improvement District

Diana Langs

Manager

NOTES: We have now completed meetings both with staff and the Board and conversations continue toward SVGID joining the partners group.

Washoe County

Michelle Poché

Assistant County Manager

NOTES: Energy Nevada and Washoe County have met a few times now. Since Washoe has many energy projects underway as well as many opportunities we are working with them to find how the Energy Nevada opportunities fit into their plans.

Washoe Regional Transportation Commission

Derek Morse

Deputy Executive Director

NOTES: Energy Nevada and Washoe RTC continue to move toward further cooperation. As part of their analysis of the Energy Nevada Partnership, Washoe RTC District Attorney has provided a very detailed opinion of the Nevada joinder requirements with respect to Energy Nevada. See the discussion below.

POWER PROJECT PROPOSALS:

Energy Nevada team members have begun the analysis of Carson City and other Buying Group areas' renewable energy opportunities. Although most conversations are confidential at this point, we will be able to report publicly soon.

Another important aspect of any power project will be the involvement of Sierra Pacific Power Company. They are not only an important helpful potential partner, we believe there are many overlapping interests between SPPC and Energy Nevada. We have had meetings at various levels within SPPC from the top of the organization to the account manager level. SPPC continues to be a model of the good utility citizen as we discuss all the project parameters.

Energy Nevada project development activities include:

- The **Marlette Lake** water system study. Energy Nevada has completed the initial feasibility study.
- Discussions with **ESI/Grower's Energy** for development of a wood waste utilization facility at the Carson City landfill have shown progress in the important area of partnership contracts and structures. As soon as these are in place, project development will proceed.
- We have preliminary study results and financial studies in hand for **Compressed Air Energy Storage** (CAES) in Nevada. Although this is a relatively new technology, the success of CAES projects depends heavily on finding the right geology, and Northern Nevada may have some uniquely advantageous

resources. CAES works by pumping air into a large geological formation – a mine or aquifer for example – and releasing that air to augment power generation. Air is pumped in during low cost of energy times such as off-peak or when renewable energy is in excess. The compressed air is then used to generate electricity during high-priced energy periods. Generation generally uses the compressed air to replace the compressor stage in a gas turbine. Very large amounts of energy can be stored with CAES, allowing 500 MW or more generating capacity. CAES has only been implemented in a few locations, but it involves standard generation technologies and well established geology practices. Energy Nevada is exploring unique opportunities for CAES to augment the renewable energy activities.

- Studying technical and economic potential for energy efficient **street lighting/traffic** signal program.
- **Vector Cogen** and Energy Nevada continue to discuss opportunities for Vector’s small commercial and residential scale cogeneration products in the program.
- We are negotiating with three **developers of small wind turbines** that have interest in the Energy Nevada project development and interest in moving to the region.
- A **geothermal project developer** and Energy Nevada are discussing their new technology that could bring down the cost of geothermal generation.

MANUFACTURER RECRUITMENT

Cygnus Wind

NOTES:

12/4/03

Cygnus and Energy Nevada are at the stage of reviewing detailed financial and technical information for a manufacturing facility for their small wind turbines.

Other Wind Developers

NOTES:

12/4/03

Energy Nevada is also talking with two other developers of small wind turbines who we cannot publicly name at this point. Interestingly, each of the three wind developers fills a distinct niche in the under-one-megawatt turbine category. This reinforces our feeling that the large turbine developers are filling an

important niche, but that there is lots of room for economic development in the smaller turbine category.

Hodge Foundry

NOTES:

12/4/03

Hodge was referred to Energy Nevada by Joe McCarthy of the Carson City economic development department. Hodge manufactures hubs for wind turbines and is interested in building or acquiring a foundry in the region to serve the entire western US and Pacific Rim markets. Energy Nevada Carson City, and SPPC continue to follow up.

Vector CoGen, Inc.

12/4/03

NOTES: At multiple meetings we discussed the opportunities for this local developer of small (5-20 kW) cogen units to benefit from the project. Vector has some very unique opportunities.

Wade Development Company, Inc.

12/4/03

NOTES: We continue to have very positive conversations about bringing the energy resources of Wade Development into the project.

PRESS AND COMMUNITY OUTREACH

At the Energy Nevada Partners meeting in November we discussed both the press conference plans and the press conference materials. Discussion at the meeting showed that we needed to revise both. Consequently, the press conference was moved to mid January. This allows us to include more Nevada dignitaries and to avoid the press distraction during the holidays.

We also talked about some of the wording of press materials that we will use to introduce Energy Nevada to the press and public. We are now revising the materials as a result of that helpful feedback especially emphasizing the "sound-bite" quality of the message for more impact.

REGULATORY BACKGROUND

Both Carson City and Washoe RTC district attorneys have provided positive legal opinions on Nevada law with respect to the Energy Nevada joinder process. We are especially grateful to them for the extra effort they put into providing these important legal benchmarks for the benefit of all potential Energy Nevada Partners. Having these reassuring analyses from the District Attorneys will help Energy Nevada and other partners navigate the procedural side of joining Energy Nevada. The RTC version will be disturbed soon.