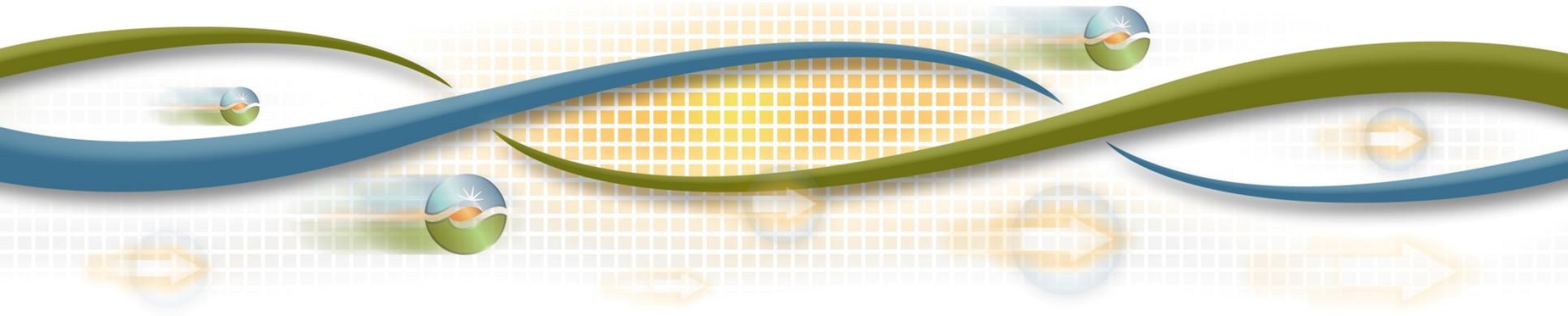


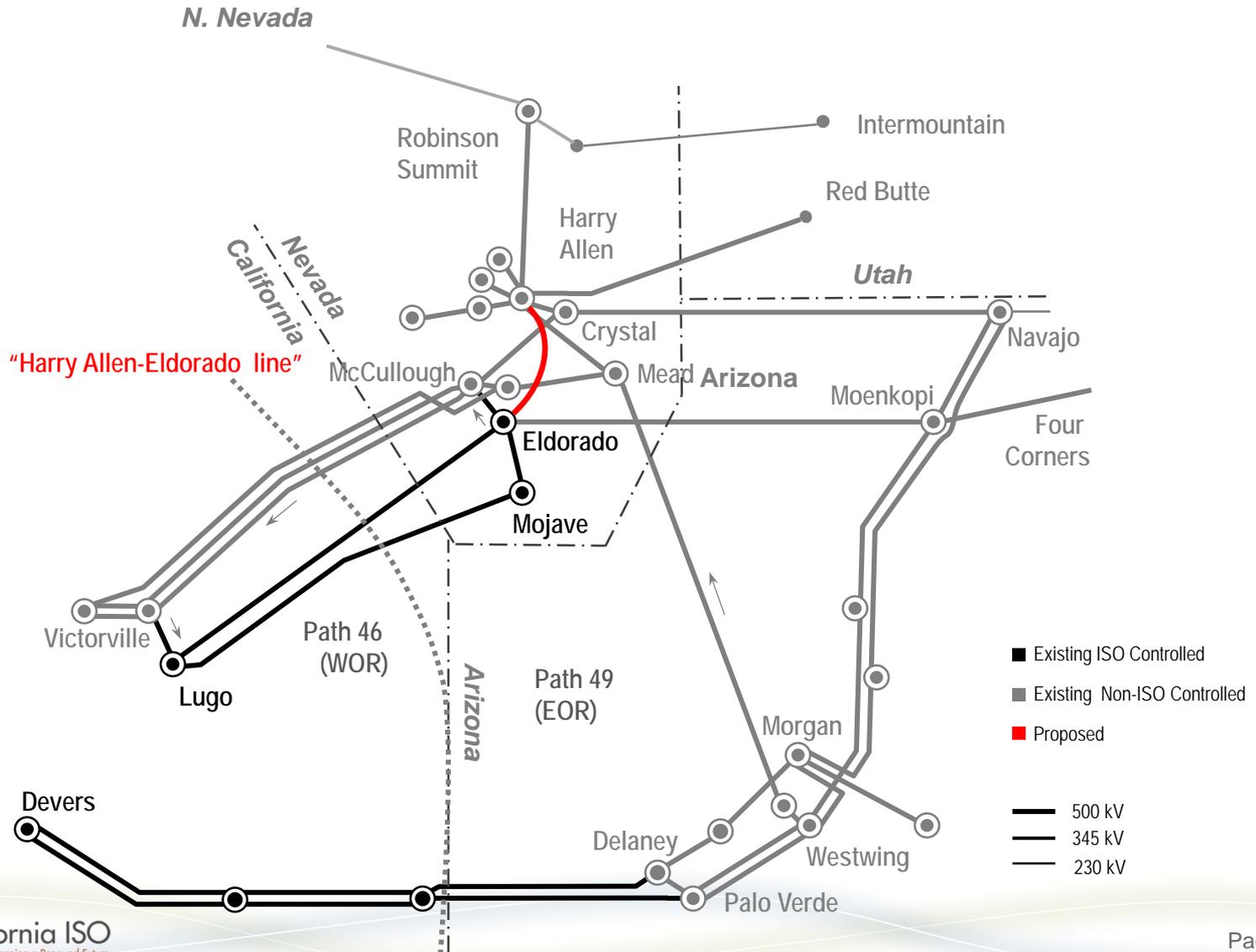
# Decision on the Harry Allen-Eldorado 500 kV Transmission Project

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Board of Governors Meeting  
General Session  
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# The Harry Allen-Eldorado 500 kV Transmission Project



## The analysis of the Harry Allen-Eldorado project in the 2013-14 Transmission Plan has been updated to include NV Energy's participation in EIM

- The updated analysis confirmed that the Harry Allen-Eldorado 500 kV line would result in net benefits for ISO ratepayers
- The benefits are derived from anticipated production cost savings and through savings in capacity costs provided by increased access to out of state generation.
- The ISO presented the results of its updated analysis to stakeholders on November 20, 2014

# The benefit-cost ratios of the project range from 1.20 to 1.06

Assumptions	5% Real Discount Rate, 10% ROE	5% Real Discount Rate, 11% ROE	7% Real Discount Rate, 10% ROE	7% Real Discount Rate, 11% ROE
Dispatch Benefits	\$157	\$157	\$119	\$119
Capacity Benefits	\$189	\$189	\$148	\$148
<b>Total Gross Benefits</b>	<b>\$346</b>	<b>\$346</b>	<b>\$267</b>	<b>\$267</b>
Revenue Requirement for line	\$288	\$301	\$240	\$252
<b>BCR</b>	<b>1.20</b>	<b>1.15</b>	<b>1.11</b>	<b>1.06</b>

Other benefits not quantified:

- Renewable integration
- Reliability

# Stakeholder Comments

- Stakeholders provided both supportive comments and concerns
- Key concerns expressed by some stakeholders:
  - Estimation of capacity benefits
  - Sharing of benefits from the project
  - Sharing of costs of the project
  - Use of societal discount rates in assessing benefits

# Management is requesting approval of the Harry Allen-Eldorado 500 kV Transmission Project

- The financial benefits of the project are expected to exceed its costs
- The project also provides reliability and renewable integration benefits for the ISO system
- If approved, competitive solicitation process will be initiated in January 2015