

Law and Utilities

Natural gas pains

By [Stephanie Tavares / Staff Writer](#)

Despite the economic downturn, Nevada is growing at an explosive pace. And no matter what it does, the state's electric utility won't be able to keep up.

That was the core message from Sierra Pacific Resources Senior Vice President Tony Sanchez III at a packed North Las Vegas Chamber of Commerce luncheon May 22 at Texas Station.

Sanchez addressed the crowd on the challenges the utility faces in bringing energy independence to the state in an era of unprecedented growth and serious environmental challenges.

Sierra Pacific Resources, the parent company of Nevada Power in Southern Nevada and Sierra Pacific Power in Northern Nevada, has more than a million customers spread across the state and a small part of California.

On the highest energy-use day of 2007, consumers used more than 7,600 megawatts of electricity - 3,418 megawatts more than the utility is capable of producing.

With demand growing 200 to 300 megawatts a year in Southern Nevada alone, the utility is faced with a serious energy deficit. Its plan to build a large 1,500 megawatt coal-fired power plant near Ely has been postponed indefinitely amid problems with a Bureau of Land Management environmental review and fierce opposition from one of the state's most powerful politicians, Senate Majority Leader Harry Reid.

The giant solar thermal power plant completed last year in Boulder City produced only about 65 megawatts and took seven years to build.

The company expects to generate an additional 2,800 megawatts in 2008 from various sources including new natural gas-burning generators at the Harry Allen plant and the purchases of the Bighorn Generating Station (about 600 megawatts) and the Tracy Combined Cycle Plant in Reno (about 540 megawatts).

"Our goal is to provide clean, safe, reliable energy at a price you can afford," Sanchez said.

That price has become increasingly volatile in recent years. About 70 percent of Southern Nevada's electricity comes from burning natural gas, the price of which has fluctuated wildly in the past decade. After Sierra Pacific Resources purchases the new plant near Primm and completes its new facilities at Harry Allen, that number is expected to jump to 75 percent.

Sanchez likened it to investing your entire 401(k) in a single company.

But with the coal plant temporarily off the table, the cost and time needed to build even small solar plants and no water to run a nuclear power plant, the utility has no other options, Sanchez said.

"No matter what we do as a company, the demand is going to be there," he said.

A transmission line connecting the grids in Northern and Southern Nevada could alleviate some of the stress on the system, but the company can't justify the expense of building one unless a large-scale power plant is built along with it, Sanchez said.

The 250-mile transmission line designed to accompany the now-stalled Ely Energy Center would cost about \$600 million to build on its own, Sanchez said.

The controversial coal plant is still a major component of the power conglomerate's long-term strategy.

The plant - more specifically its transmission line - is necessary to connect a 200 megawatt Sierra Pacific Resources-backed wind farm planned on the Idaho border to the Southern Nevada grid.

Meanwhile, other states are using hydropower, heavily subsidized residential solar installments and water-hogging nuclear power plants to reduce their dependence on natural gas.

In the West, our neighbors burn more coal for energy than Nevada and get the advantage of a low-cost and potentially low polluting fuel source, Sanchez said.

Utah depends almost entirely on coal for its electricity, and California depends on coal for 18 percent for its energy - roughly the same percentage as Southern Nevada.

"Unfortunately, we have a very low percentage of coal, compared to our neighbors," Sanchez said.

He said that once the Ely Energy Center is built, the company can shut down its older coal plants near Moapa, which emit more pollution than would the Ely Energy Center, but produce far less energy.

By 2011, when all the new natural gas facilities and the wind farm are expected to be on line, the state could still have to buy up to 2,000 megawatts of power on peak days.

"Even with the Ely Energy Center, we'd be shy of demand," Sanchez said.

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