

United States Senate

WASHINGTON, DC 20510-7012

July 24, 2007

Walter M. Higgins III
Chairman and Chief Executive Officer of Sierra Pacific Resources; Director and Chief Executive Officer of Nevada Power Company and Sierra Pacific Power Company.
Michael W. Yackira
President and Chief Operating Officer of Sierra Pacific Resources
6100 Neil Road
Reno, NV 89511

Mike Segal, Chairman and CEO
LS Power
Two Tower Center, 11th Floor
East Brunswick, NJ 08816

Bruce A. Williamson, Chairman and Chief Executive Officer
Dynergy Inc.
1000 Louisiana Street - Suite 5800
Houston, Texas 77002

Mr. Bruce Wrobel, Chief Executive Officer
Sithe Global Power, LLC
245 Park Avenue - 38th Floor
New York, NY 10167

Dear Sirs:

I am writing to each of you regarding your company's proposal to build new coal-fired power plants in eastern Nevada and to express my strong opposition to those plants. Rather than making long-term commitments to old and inefficient combustion technologies, I believe that the goal for Nevada must be greater independence from fossil fuel and electricity imports. Nevada's financial and ratepayer resources should be heavily focused on rapid and significant investments in clean renewable energy and energy efficiency to ensure a more stable, affordable and secure energy future and to reduce the growing risks of global warming.

As I write this, tens of thousands of acres of Nevada are on fire – over 400,000 acres have already burned this year. Nearly 10 million acres across the West burned in 2006 – the highest number since records began in 1960. Scientists tell us that the same deep drought that has brought on these dangerous fire conditions may very likely be a normal condition far into the future, and that the Southwest will become increasingly drier and more arid if we and the world conduct business as usual. Studies have also shown that Lake Tahoe is warmer and its level is lower due to increasing average global and regional temperatures.

I am not a scientist, but I have spoken with many scientists about their research and know they are gravely concerned about the strong linkage between manmade greenhouse gas emissions and global warming. Neither I nor they can say without a doubt that the symptoms I described above are wholly due to global warming caused by manmade emissions. But it would be prudent for Nevada, the United States, and the entire world to begin reducing those emissions immediately and dramatically so that we can stabilize the global climate system before the middle of this century. Our nation has the moral responsibility to lead in these reductions, since more than forty percent of the carbon now in the atmosphere is related to America's industrial expansion over the last hundred years.

Fortunately, Nevada is blessed with a magnificent abundance of clean renewable energy resources that could provide most, if not all, of the energy needs of our fast growing state and perhaps beyond. However, this means making the right strategic investments now and choosing safe and sustainable technologies that will decrease emissions. According to the U.S. Department of Energy, "the solar energy resource in a 100-mile-square area of Nevada could supply the United States with all its electricity (about 800 gigawatts) using modestly efficient (10%) commercial photovoltaic modules." Similarly, the National Renewable Energy Laboratory reports that the largely untapped geothermal potential of Nevada and the Great Basin could provide tens of thousands of megawatts of baseload electricity generation as well as thermal energy within just a decade or two.

Please find enclosed a set of draft maps, prepared at my request by a variety of federal agencies with state agency assistance, of renewable energy resource areas within Nevada that are deemed "developable." These draft maps are not a formal endorsement by those agencies for specific renewable energy development in these areas, but I intend them to help direct investors, utilities and municipalities toward those areas for the best resource use that will not interfere with existing land uses or classified missions. Such information will be central to identifying where some of Nevada's potent wind resources may be developed, since very large amounts of airspace are blocked off from wind energy development due to mission-critical radar testing by the Air Force. Once the maps are final, they will be posted on a public website for further discussion and action.

It is my strong hope that the progress made to date by the utilities and federal agencies in installing significant solar electric and solar thermal production and buying renewables will grow exponentially. Such growth would create new jobs in every corner of Nevada, particularly rural areas, and encourage the development of a strong and sustainable clean energy industrial base. The state's renewable portfolio standard is a good start but should be considered a floor rather than a ceiling.

With the appropriate incentives and foresight, including decoupling electricity sales from utility return where appropriate, Nevada could and should become significantly more energy independent through greater development of renewables and penetration of energy efficiency. With an aggressive strategy, we could reduce the amount of fossil fuels – natural gas and coal – that Nevada ratepayers continue importing and paying more for every year, while, by any fair and balanced comparison, the free fuel of the sun, wind and earth continues getting cheaper. I encourage you to consider the outline of a Nevada Energy Independence plan (see enclosed) developed originally by Jon Wellinghoff,

former Nevada state consumer advocate and now a FERC Commissioner, which indicates that the state's growing demand for energy can be met largely through new renewable energy, energy efficiency and demand-side management.

As I wrote to the Governor recently, I believe Nevada should join the Western Regional Climate Initiative. It also makes sense for Nevada to work cooperatively with the Initiative states in rapidly deploying regional energy efficiency and demand-side management programs. Like several other Western states, the state of Nevada should also adopt stringent carbon emission performance standards for any new electricity generation in-state or for any necessary purchases of electricity from out of state. This will help build a West-wide pull for clean energy that Nevada is perfectly poised to satisfy and ensure that dirty power does not obtain an unfair advantage.

Meeting Nevada's demands for electricity, including the building of transmission lines to rural areas with significant renewable potential, is no easy task. But the decisions that are being made right now in boardrooms, by utility regulators, on Wall Street, and elsewhere, will affect ratepayers, the state, the West and perhaps the world for decades or longer. It is absolutely essential that in solving short-term electricity problems, we not commit our valuable and finite financial resources to technologies or energy sources that will pollute the air, increase the risks of global warming, and likely be far more expensive in the future than currently estimated.

By conservative estimates, the first phase of the coal plants proposed to be built in White Pine County will cost more than \$3.25 billion to construct. Once these plants are built, Nevada's ratepayers will pay up to half a billion dollars annually for 50 years or more in fossil fuel costs. The plants are expected to burn 166 rail cars or 20,000 tons of coal every single day. That will send more than 13 million tons of pollution into the air annually. This pollution will decrease visibility for miles, including in the Great Basin and Zion National Parks, as well as depositing unhealthy levels in ecosystems near and far from the plants, and contribute to further imbalancing the global climate system. This pollution will have a negative effect on the health of the people living near the plants, on tourism, hunting and wildlife populations.

Rather than spending over \$8 billion in the first ten years of these proposed coal plants' construction and operation, that money could instead be used to put a 3 kilowatt solar electric (PV) system on the roof of about 600,000 houses across the state. This is only one example of a much better way to spend finite fiscal resources. Such a shift to solar could produce 350 MW of electricity and increase the energy independence of millions of Nevadans. The solar electricity generated would be useful during peak hours, improve air quality, and never cost another penny in fuel costs. Furthermore, the cost of solar energy systems will go down dramatically and PV efficiency and output will increase.

Because I believe that renewable energy makes far more sense than coal for Nevada, I will continue my efforts at the Federal level to obtain funds for the development of renewable energy projects. I will also be working to pass long-term production and investment tax incentives and to enact energy policy changes such as a national renewable electricity standard to make Nevada's renewable efforts even more profitable.

I will also introduce legislation and support efforts to increase sustainable rural economic development through renewable energy and financing of related transmission access.

But because I believe that developing renewable energy in Nevada is far preferable to coal for the sake of the economy, public health and the environment, I will use every means at my disposal to prevent the construction of new coal-fired power plants in Nevada that do not capture and permanently store greenhouse gas emissions.

I look forward to working with you, the Governor, the congressional delegation, the state assembly, the public utilities commission, financiers, and the public, on realizing the vision of making Nevada more energy independent through the use of renewable energy and energy efficiency. To that end, I hope you will join with me and other interested parties to begin what will be an important state-wide discussion on how to transform Nevada into a national and global leader in the deployment of renewable energy technology in Ely to Fallon to Pahrump and beyond.

Thank you for your time and attention to my concerns.

Sincerely,

A handwritten signature in black ink that reads "Harry Reid". The signature is written in a cursive, flowing style with a large initial "H".

HARRY REID

CC:

Senator John Ensign

Congressman Dean Heller

Congressman Jon Porter

Congresswoman Shelley Berkley

Governor Jim Gibbons

Lieutenant Governor Krolicki

State Controller Kim Wallin

Speaker Barbara Buckley

Assembly Minority Leader Garn Mabey

Senate Majority Leader Bill Raggio

Senate Minority Leader Dina Titus

State Senator Dean Rhoads

State Senator Randolph Townsend

Assemblyman Pete Goicoechea

Commissioner Jo Ann Kelly, Chairman

Commissioner Rebecca Wagner

Commissioner Sam Thompson

Director Hatice Gecol – State Office of Energy

Director Allen Biaggi – Department of Conservation and Natural Resources

Administrator Leo Drozdoff - Department of Environmental Protection

White Pine County Commissioner Brent Eldridge, Chairman

White Pine County Commissioner Laurie Carson

White Pine County Commissioner David Pound

White Pine County Commissioner Gary Lane

White Pine County Commissioner Raleene Makley

Mayor John Hickman

Councilman Shane Bybee

Councilman Steven Marich

Councilman Rom Dicianno

Councilman Jerrold Meyer

Councilman Jim Northness

General Manager Pat Mulroy – SNWA

Colonel Michael L. Bartley, Commander, 99th Air Base Wing,

Captain Michael Glaser, Fallon Naval Air Station

Cindy Nielsen, Superintendent – Great Basin National Park

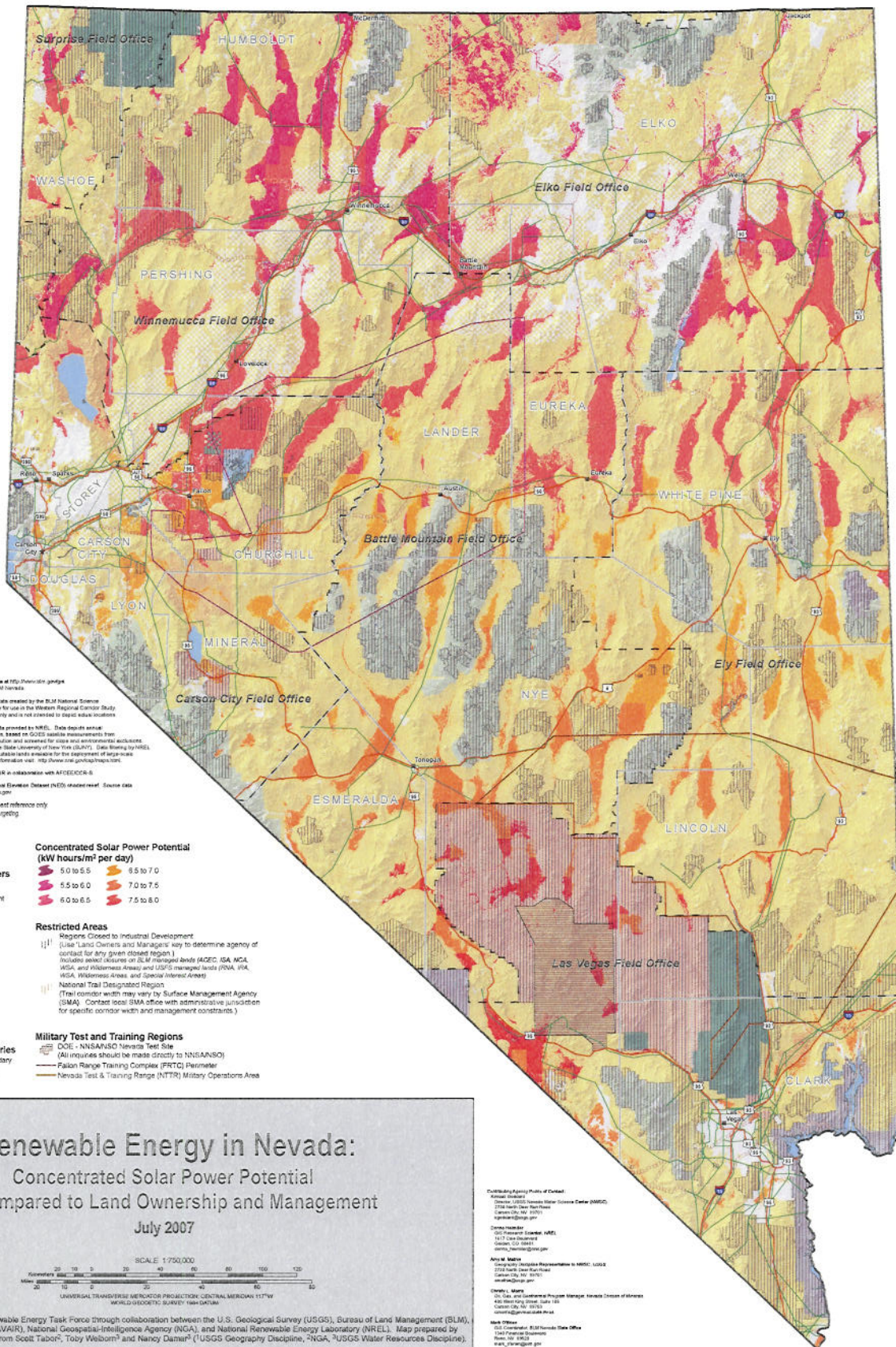
Kimball Goddard, Director – US Geological Survey –

Chief of the Nevada Water Science Center

Ron Wenker, Director – BLM – Nevada State Director

Ed Monnig, Supervisor – US Forest Service

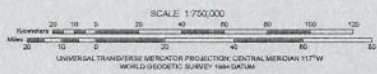
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Land ownership data provided by BLM Nevada at HEP, Pershing and Elko Field Offices and compiled by BLM Nevada.
 Restricted Areas data provided by BLM Nevada, National Science and Technology Center and State Office for use in the Western Regional Corridor Study. It is included in this map for visual reference only and is not intended to depict actual locations.
 Concentrated Solar Power (CSP) Potential data provided by NREL. Data depicts average annual potential solar resource estimates based on GISEE satellite measurements from 1980-2005, with a nominal 10 km spatial resolution and averaged for sites and environmental constraints based on compilation by Richard Prince at the State University of New York (SUNY). Data files by NREL, consulted to clarify the most economically suitable lands available for the deployment of large-scale concentrating solar power plants. For more information visit: <http://www.nrel.gov/energy/csp/>
 Military Training Region data provided by HANBR in collaboration with AFCEC/DCR-6.
 Data layers are draped over reprojected National Wetlands Dataset (NWD) raster dataset. Source data available for download at <http://basemap.usgs.gov>
 NOTE: For land ownership and management reference only
 This map is not suited for navigation nor targeting.

- Transmission Corridors**
- Land Owners and Managers**
 - Bureau of Indian Affairs
 - Bureau of Land Management
 - Bureau of Reclamation
 - Department of Defense
 - Department of Energy
 - Fish and Wildlife Service
 - Forest Service
 - National Park Service
 - Nevada State
 - Private
 - Regional Park
 - Water
- Federal and State Boundaries**
 - BLM District Boundary
 - County Boundary
- Concentrated Solar Power Potential (kW hours/m² per day)**
 - 5.0 to 5.5
 - 5.5 to 6.0
 - 6.0 to 6.5
 - 6.5 to 7.0
 - 7.0 to 7.5
 - 7.5 to 8.0
- Restricted Areas**
 - Regions Closed to Industrial Development (Use "Land Owners and Managers" key to determine agency of contact for any given closed region) (Includes select closures on BLM managed lands (ACEC, ISA, MCA, WSA, and Wilderness Areas) and USFS managed lands (PNA, PIA, WSA, Wilderness Areas, and Special Interest Areas))
 - National Trail Designated Region (Trail corridor width may vary by Surface Management Agency (SMA). Contact local SMA office with administrative jurisdiction for specific corridor width and management constraints.)
- Military Test and Training Regions**
 - DOE - NNSANSO Nevada Test Site (All inquiries should be made directly to NNSANSO)
 - Fallon Range Training Complex (FRTC) Perimeter
 - Nevada Test & Training Range (NTRC) Military Operations Area

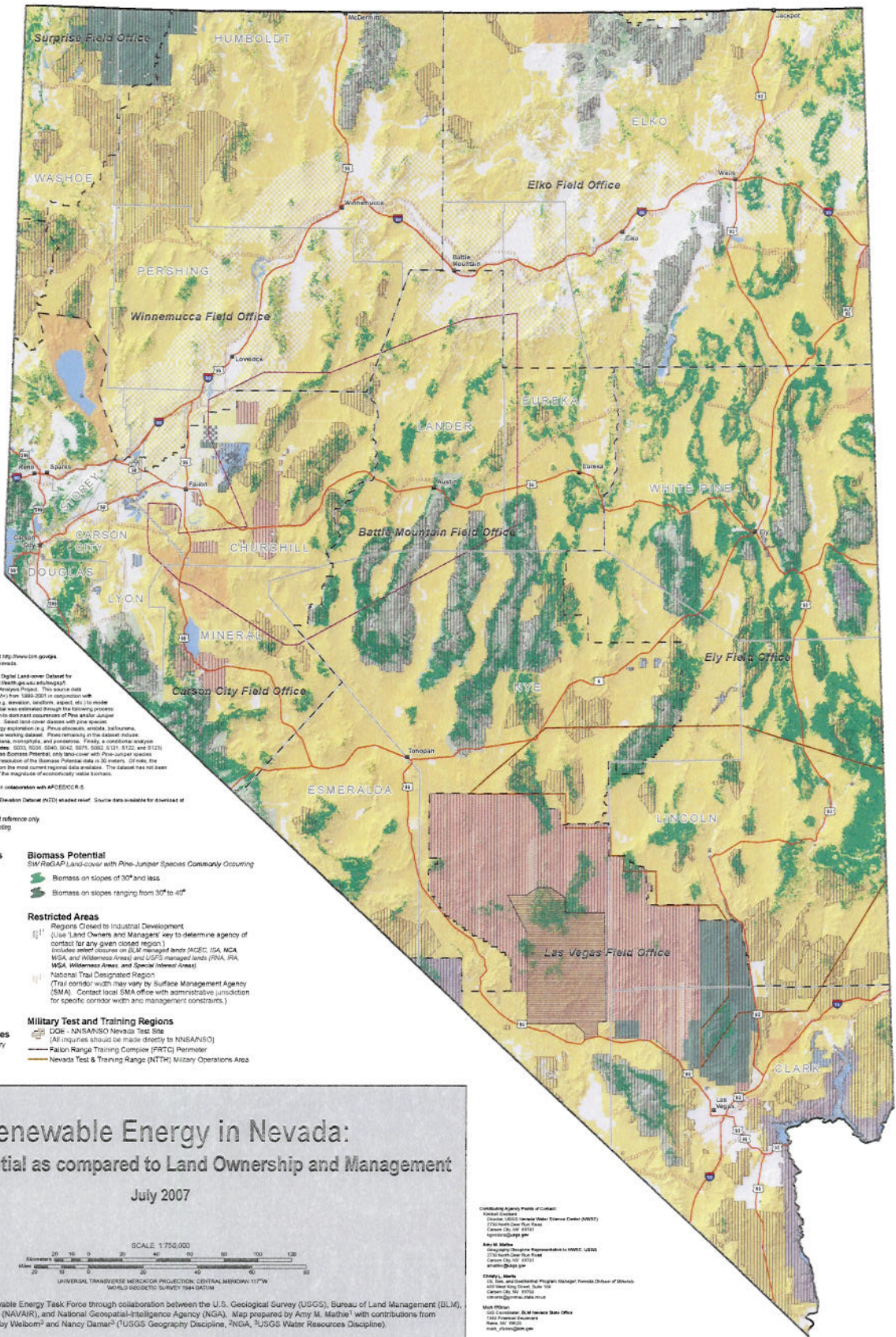
Renewable Energy in Nevada: Concentrated Solar Power Potential as compared to Land Ownership and Management July 2007



Data compiled for the Federal Renewable Energy Task Force through collaboration between the U.S. Geological Survey (USGS), Bureau of Land Management (BLM), Naval Air Systems Command (NAVAIR), National Geospatial-Intelligence Agency (NGA), and National Renewable Energy Laboratory (NREL). Map prepared by Amy M. Mathew¹ with contributions from Scott Taber², Toby Webber³ and Nancy Damer⁴. (¹USGS Geography Discipline, ²NGA, ³USGS Water Resources Discipline).

Contributing Agency Publics of Contact:
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Land ownership data provided by BLM Nevada at <http://www.blm.gov>
 Restricted Areas derived from: <http://www.blm.gov>

Biomass Potential data from the PROVISIONAL Digital Land-cover Dataset for the Southern United States (available at <http://webt01.gis.usgs.gov>) developed through the Southern Regional Use Analysis Project. This source uses multi-season satellite imagery (Landsat ETM+) from 1999-2001 in conjunction with digital elevation models (DEM) derived datasets (e.g., elevation, wetness, aspect, etc.) to model native and cultivated vegetation. Biomass Potential was estimated through the following process: The DEM RASTER land-cover classes with values to denote sources of fire-prone and/or igneous were isolated from a statewide coverage. Selected land cover classes with fire-prone sources were not to be automatically modeled for energy exploration (e.g., Picea, Abies, Pinus, Juniper, Fir, and Douglas-fir) were then removed from the working dataset. Those remaining on the dataset include Picea, Abies, Juniper, Pinus, and Douglas-fir. Biomass Potential was then calculated using a biomass potential equation on the remaining land-cover classes (P-values: 0.003, 0.004, 0.042, 0.075, 0.002, 0.121, 0.122, and 0.123) against a DEM-derived slope dataset to generate the Biomass Potential, only land-cover with P-values ranging from 0 to 40 degrees. Biomass Potential data is 30 meters. Of note, the Biomass Potential equation is not an estimate from the most current regional data available. The dataset has not been field verified; the USGS provides no guarantee of the magnitude of accuracy of the biomass potential.

Military training region data provided by USFWS in collaboration with ARDEC/BSR.

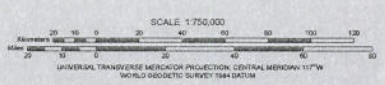
Data layers are draped over reprojected National Elevation Dataset (NED) shaded relief. Source data available for download at <http://demdata.usgs.gov>.

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- Land Owners and Managers**
- Bureau of Indian Affairs
 - Bureau of Land Management
 - Bureau of Reclamation
 - Department of Defense
 - Department of Energy
 - Fish and Wildlife Service
 - Forest Service
 - National Park Service
 - Nevada State
 - Private
 - Regional Park
 - Water
- Biomass Potential**
 SWS/RGAP Land-cover with Pine-Juniper Species Community Occurring
- Biomass on slopes of 30° and less
 - Biomass on slopes ranging from 30° to 40°
- Restricted Areas**
- Regions Closed to Industrial Development (Use Land Owners and Managers' key to determine agency of contact for any given closed region) (includes inter-agency and USFS managed lands (FRA, IFA, WSA, Wilderness Area, and Special Interest Area))
 - National Trail Designated Region (Trail corridor width may vary by Surface Management Agency (SMA). Contact local SMA office with administrative jurisdiction for specific corridor width and management constraints.)
- Military Test and Training Regions**
- USC - NINSANSO Nevada Test Site (All inquiries should be made directly to NINSANSO)
 - Fallon Range Training Complex (FRTC) Parameter
 - Nevada Test & Training Range (NTTR) Military Operations Area

Renewable Energy in Nevada: Biomass Potential as compared to Land Ownership and Management

July 2007



Data compiled for the Federal Renewable Energy Task Force through collaboration between the U.S. Geological Survey (USGS), Bureau of Land Management (BLM), Naval Air Systems Command (NAVAIR), and National Geospatial-Intelligence Agency (NGA). Map prepared by Amy M. Mathie¹ with contributions from Scott Tabor², Tony Welborn³ and Nancy Daman⁴ (USGS Geography Discipline, NGA, USGS Water Resources Discipline).

Contributing Agency Points of Contact:

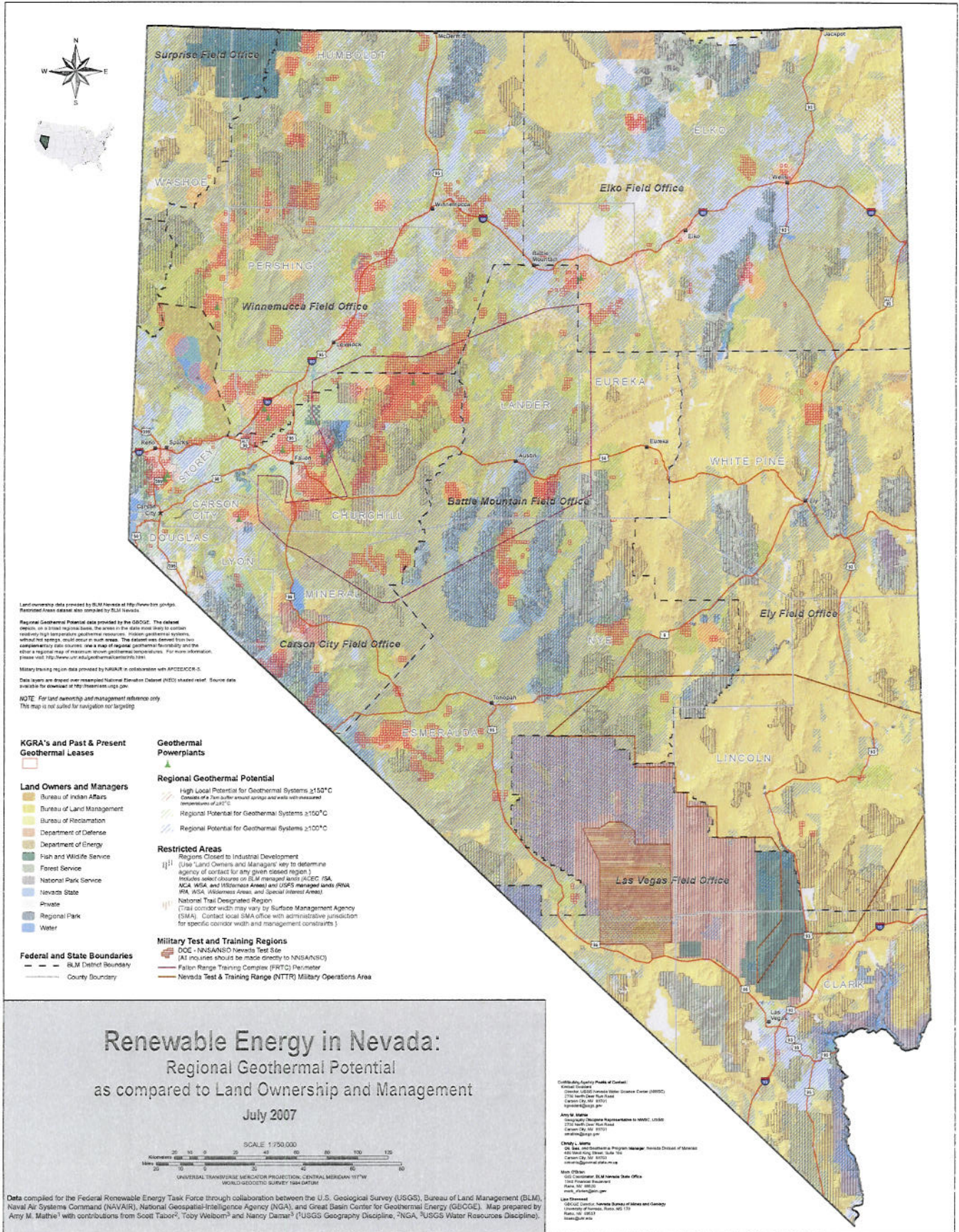
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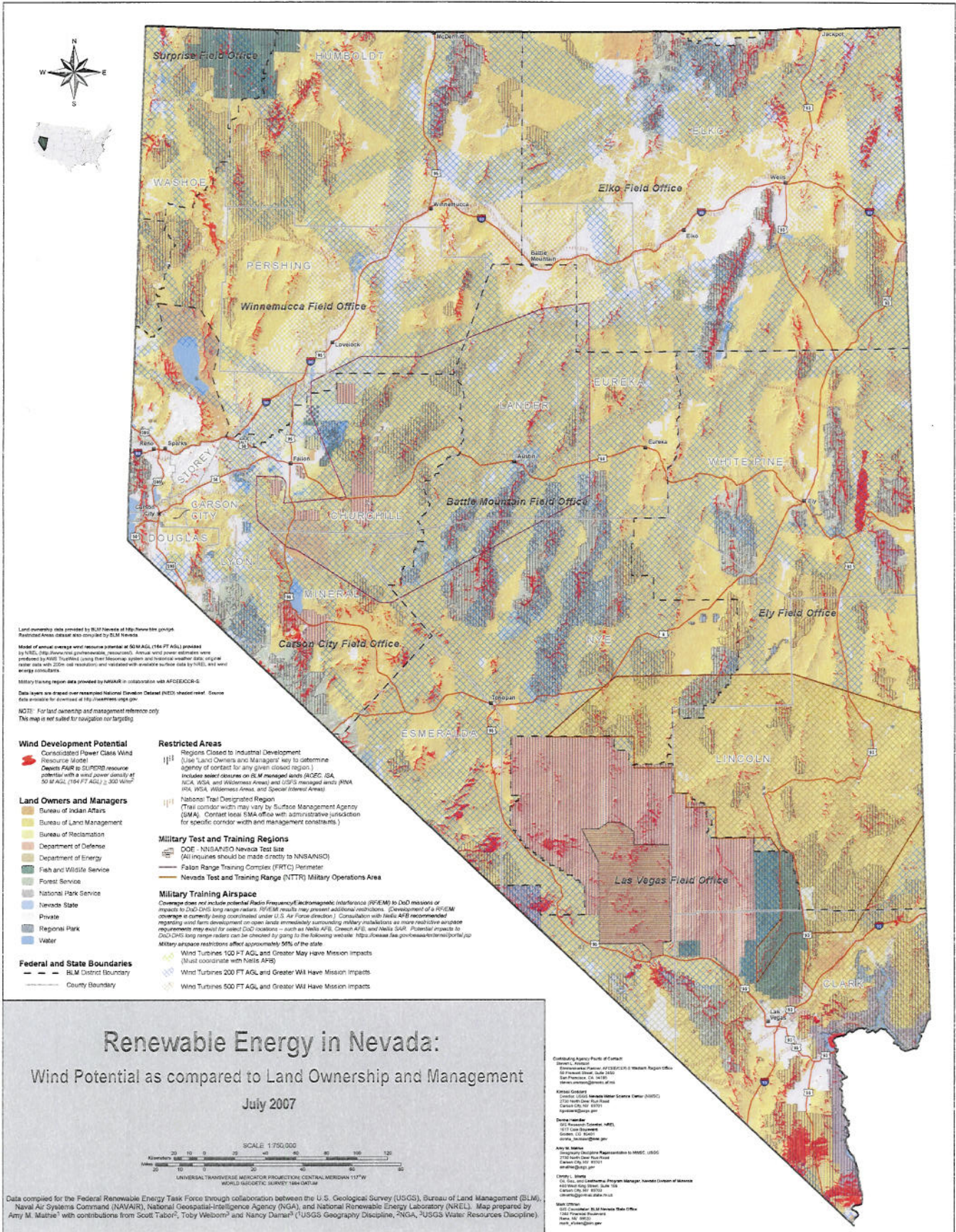
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Nevada Energy Independence Plan 2024

Sierra Pacific PowerEnergy Independence Plan*

	MW
1.) 2024 Load (As per SPPCo)	2,250
2.) Less 30% EE, DR/LM, CHP Net Load Requirement	675 1,575
3.) Plus 10% Planning Reserve	158 1,733
4.) Less New Tracy CCCT	514 1,219
5.) Less Newmont Coal Plant	203 1,016
6.) Less Current Planned Renewable Purchases Net Short	306 710
7.) 710 MW Requirement Met By	
Solar Peaking	200
Geothermal	300
Wind	210
	710

% Net Load Requirements from Renewable Energy	65%
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Nevada Power Energy Independence Plan**

	MW
1.) 2024 Load (As per NPC)	8,381
2.) Less 30% EE, DR/LM, CHP Net Load Requirement	2,514 5,867
3.) Plus 10% Planning Reserve	587 6,453
4.) Less New Lenzie 1&2	1,105 5,348
5.) Less Hoover & Silverhawk	595 4,753
6.) Less Solargenix Net Short	64 4,689
7.) 4689 MW Requirement Met By	
Solar Peaking	1,600
Geothermal	2,000
Wind	1,089
	4,689

% Net Load Requirements from Renewable Energy	81%
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* This plan for Sierra Pacific backs out all existing coal (Valmy 1&2), inefficient gas (Tracy 1-5 & Ft. Churchill 1&2), and all inefficient peaking units. Plus the plan entirely avoids the need to build any new coal facilities in Ely. The plan allows for the completion by Sierra Pacific of its PUCN approved new, efficient combined cycle combustion turbine (CCCT) at Tracy and the completion of the Newmont coal plant. This provides for energy independence for Northern Nevada with 675 MW of new energy efficiency, demand response / load management, and combined heat and power (cogeneration) and 710 MW of additional renewable resources from clean Nevada based geothermal, wind, and solar resources.

** This plan for Nevada Power backs out all existing coal (Reid Gardner 1-4 and Navajo), inefficient gas (Clark 1-4), and all inefficient peaking units. Plus the plan entirely avoids the need to build any new coal facilities in Ely. The plan allows for the continued operation by Nevada Power of its PUCN approved new, efficient combined cycle combustion turbine (CCCT) at Lenzie and the continued ownership of 75% of Silverhawk. This plan provides for energy independence for Southern Nevada with 2514 MW of new energy efficiency, demand response / load management, and combined heat and power (cogeneration) and 4,689 MW of additional renewable resources from clean Nevada based geothermal, wind, and solar resources. Much of this new renewable resource base will be developed in Northern Nevada and transmitted to Las Vegas via a new North-South intertie from Gonder to the Crystal Substation. By backing off Nevada Power's coal plants (Reid Gardner) and old gas units (Clark Station) you could sell approximately \$100 million in water rights, not to mention the pollution control credits and perhaps carbon credits. All of this could be used to offset any increased costs of the renewables.