

Exhibit 1

DRAFT

Summary of Issues Pertinent to Rule 206 of the Federal Power Act

Section 206 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission's ("FERC") requires that complaints clearly identify certain relevant information. Each of these required items are addressed in turn below, with references to "Comments of The Nevada Hydro Company On the Procurement Process of Southern California Edison" ("Nevada Hydro's Comments") filed with the California Public Utilities Commission ("CPUC") as the document to which this summary is attached.

1. Action or inaction which is alleged to violate applicable statutory standards or regulatory requirements.

The CPUC authorized Southern California Edison ("SCE") to procure all types of resources, including advanced pumped storage ("APS") to meet an identified need. Although directly authorized to procure APS resources under State law and Commission orders, SCE arbitrarily omitted from consideration Nevada Hydro's storage resource as eligible for procurement, thereby denying it access to the market it and the CPUC control. Nevada Hydro's planned APS facility is known as the Lake Elsinore Advanced Pumped Storage ("LEAPS") facility (FERC project Number 14227).

2. Explain how the action or inaction violates applicable statutory standards or regulatory requirements.

Federal and state laws, policies and regulations encourage the use of APS. The CPUC is engaged in a proceeding through which it is allocating portions of the market to select technologies. The CPUC has directed SCE to consider all technologies in meeting this identified need. SCE, without justification, has refused to consider APS as an available technology to meet CPUC identified resource needs when it is obligated to consider all available technology (storage or otherwise) to meet these needs. By excluding LEAPS, it is shutting it out of the market and foreclosing its ability to compete for market share. This is discriminatory on its face.

2.1. Federal and State law and policy that SCE and the CPUC has violated in its treatment of APS.

SCE chose to exclude consideration of APS and LEAPS from the procurement mechanism it set up in favor of other resources. Nevada Hydro contends that Federal and State law and policy require that it fairly evaluate the ability of LEAPS to fill the need identified by the CPUC.

2.1.1. Federal law and policy

The Federal government has passed two laws that encourage the use of APS. First and most recently, on August 9, 2013, the "Hydropower Regulatory Efficiency Act of 2013" was signed into law. This act directs the FERC to investigate the feasibility of a 2-year licensing process for closed-loop pump storage projects. LEAPS is a closed loop pumped storage project. In passing this act, Congress took a major step to encourage the development of APS by moving to shorten the permit process drastically. Further, on

January 6, 2014, FERC invited closed loop pumped storage projects to test the 2 year licensing process.¹ Nevada Hydro may submit LEAPS to this pilot program.

The Energy Policy Act of 2005 (PL 109-58) 119 Stat. 594, 946-951 (2005) (16 U.S.C. § 824p) (“EPAAct”), “encourages deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the facilities.” Under Section 1223(11), “pumped storage” is classified as an “advanced transmission technology,” defined as a technology that increases the capacity, efficiency, or reliability of an existing or new transmission facility.² In Order No. 679,³ the FERC stated that the list of advanced transmission technologies found in Section 1223 of EPAAct was “illustrative of the kinds of technologies that Congress sought to encourage.” On November 17, 2006, FERC explicitly identified LEAPS as an “advanced transmission technology.”⁴

Section 1221(a) of the EPAAct also has relevance to Nevada Hydro’s projects as it required that the Secretary of Energy identify “any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers” as a National Interest Electric Transmission Corridor. On August 6, 2006, the United States Department of Energy (“DOE”) issued a preliminary National Electric Congestion Study, designating the southern California region as a “critical congestion area” under Section 1221 of the EPAAct. Although the Court of Appeal on unrelated procedural grounds ultimately overturned this designation, the underlying reliability challenges to the Southern California grid, as well as DOE’s conclusions as to the critical congestion in the region, still describe the on-the-ground reality. Particularly telling is the fact that Nevada Hydro’s projects are located squarely in the center of this identified area. Of course, DOE reached this conclusion before SCE chose to shut down the San Onofre Nuclear Generating Station.

In addition, the FERC has taken a number of steps to modernize the grid, particularly by better integrating variable energy resources with modern grid management tools. While none of these rules focused exclusively on APS, each illustrates the position of FERC, at least, that APS should be one tool available to grid managers. These include:

- Order No. 755,⁵ which modernized the provision of frequency regulation in wholesale power markets.
- Order No. 764,⁶ which addressed integration of variable energy resources.
- Order No. 784,⁷ which revised rules governing the sale of ancillary services take into account the speed and accuracy of regulation resources. The rule also revised other

¹/ Federal Energy Regulatory Commission, Notice Soliciting Pilot Projects To Test A TwoYear Licensing Process, Docket No. AD13-9-000, January 6, 2014.

²/ Section 1223(11), Federal Energy Policy Act of 2005 (PL 109-58).

³/ Federal Energy Regulatory Commission, Promoting Transmission Investment through Pricing Reform, Docket No. RM06-4-000; Order No. 679, 116 FERC ¶ 61,057, at P. 290.

⁴/ Federal Energy Regulatory Commission, Order on Rate Request, Issued November 17, 2006, Docket Nos. ER06278-000 et seq., at P. 12.

⁵/ Federal Energy Regulatory Commission, Frequency Regulation Compensation in the Organized Wholesale Power Markets, Docket Nos. RM11-7-000 and AD10-11-000; Order No. 755, 137 FERC ¶ 61,064, Issued October 20, 2011.

⁶/ Federal Energy Regulatory Commission, Integration of Variable Energy Resources, Docket No. RM10-11-000; Order No. 764, 139 FERC ¶ 61,246, Issued June 22, 2012.

requirements to better account for and report transactions associated with the use of energy storage.

Finally, FERC Order 1000⁸ promotes competition in regional transmission planning processes to support efficient and cost effective transmission development. Among its many elements, the order requires that transmission providers participate in a regional transmission planning process that satisfies Order No. 890⁹ principles including coordinated, open and transparent regional transmission planning processes to address undue discrimination against non-incumbent companies to ensure that transmission services are provided on a basis that is just, reasonable and not unduly discriminatory or preferential. As Congress has determined that APS is a transmission resource¹⁰ and as FERC has concluded LEAPS meets this standard,¹¹ Nevada Hydro believes that the provisions in Order 1000 prohibiting discrimination against non-incumbent companies applies to LEAPS.

2.1.2. State Law

AB 2514, addressing energy storage systems, became law in September 2010. Prior to its passage, existing state law required the CPUC:

- To review and adopt a procurement plan for each electrical utility in accordance with specified elements, incentive mechanisms and objectives.
- In consultation with the Independent System Operator (ISO), to establish resource adequacy requirements for electrical utilities.

State law and CPUC rules also require each electric utility to:

- Maintain physical generating capacity adequate to meet its load requirements, including peak demand and planning and operating reserves, deliverable to locations and at times as may be necessary to provide reliable electric service.
- Prudently plan for and procure resources that are adequate to meet its planning reserve margin and peak demand and operating reserves, sufficient to provide reliable electric service to its customers.

AB 2514 requires the CPUC to determine appropriate targets for each electric utility to procure viable and cost-effective energy storage systems and to adopt an energy storage system procurement target to be achieved by each electric utility by certain dates.

The bill does not exclude APS or single it out for special treatment, but it does require that APS be considered equally with other storage resources. Further, in its description of what a storage system is, AB 2514 requires that such technology be “commercially available”¹² and “cost effective”.¹³ Only APS is today clearly commercially

⁷/ Federal Energy Regulatory Commission, Third-Party Provision of Ancillary Services; Accounting and Financial Reporting for New Electric Storage Technologies, Docket Nos. RM11-24-000 and AD10-13-000; Order No. 784, 144 FERC ¶ 61,056, Issued July 18, 2013.

⁸/ Federal Energy Regulatory Commission, Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities, Docket No. RM10-23-000; Order No. 1000, 136 FERC ¶ 61,051, Issued July 21, 2011.

⁹/ Federal Energy Regulatory Commission, Preventing Undue Discrimination and Preference in Transmission Service, (Docket Nos. RM05-17-000 and RM05-25-000; Order No. 890, Issued February 16, 2007.

¹⁰/ Discussed at footnote 2.

¹¹/ Discussed at footnote 4.

¹²/ AB 2514, at Section 2835(a)(1).

¹³/ AB 2514, at Section 2835(a)(3).

available, with a number of major companies supplying APS technology to facilities worldwide.¹⁴ Unfortunately, it is only by excluding APS from consideration that SCE can claim that other technologies meet this test without assessing LEAPS.

3. Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the complainant.

In order to be able to construct its planned LEAPS APS facility, Nevada Hydro requires access to the electricity market in order to provide revenue to support construction and operation.

Although Federal and State law and policy require that APS fairly be considered as a resource in its CPUC authorized procurement process, SCE has refused to evaluate LEAPS. By excluding LEAPS from being eligible to meet the state's identified energy needs, SCE and the CPUC will allocate market share without fairly considering LEAPS and without allowing LEAPS to compete on a level playing field.

4. Make a good faith effort to quantify the financial impact or burden (if any) created for the complainant as a result of the action or inaction.

Nevada Hydro has been working diligently to complete licensing for LEAPS for years, and will lose its entire investment plus future revenues from operation if it is denied access to the market controlled by SCE and the CPUC.

5. Indicate the practical, operational, or other nonfinancial impacts imposed as a result of the action or inaction, including, where applicable, the environmental, safety or reliability impacts of the action or inaction.

By denying consideration of LEAPS to meet resource needs identified by the CPUC, SCE and the CPUC are denying the cost benefits, flexibility, ancillary and storage services and energy that APS and LEAPS offer the grid. This affects reliability, cost, and will lead to increased emissions of greenhouse and other pollutants if SCE relies on natural gas fired generation in place of intermittent renewable resources LEAPS could help to integrate.

6. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief.

Fair consideration of the benefits LEAPS can provide as compared to other storage resources as required by AB 2514.

¹⁴/See for example, Voith Hydro's web page at <http://voith.com/en/products-services/hydro-power/pumped-storage-plants-551.html>.