

ECONOMIC PERSPECTIVES

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NNDA
Northern Nevada
Development Authority

Ballot Question 3: Energy Choice Initiative

This November, Nevadans will be asked to vote a second time regarding Ballot Question 3: Energy Choice Initiative. It proposes deregulation of the state electricity market via an amendment to the Nevada Constitution. This crucial issue has potentially serious ramifications — positive, negative, and many we do not even know about — because it has never been done this way before. As a result, Question 3 deserves serious consideration and discernment by Nevadans.

I have met or spoken with many business, city and county leaders throughout our Sierra Region regarding Question 3. While there is an abundance of diverse opinions regarding energy choice, there is also consistent opposition to the process of requiring it through a constitutional amendment. The preference would be for the Nevada Legislature to accomplish the proposed deregulation through state statute. This would seem more prudent, as any needed changes or adjustments can be made in a timely manner to minimize and mitigate any problems that may arise.



Rob Hooper
President & CEO

If Nevadans vote in favor of Question 3, it would make Nevada the first and only state to deregulate its electricity system through a constitutional amendment. There is no way to predict the outcome of this experiment with Nevada's Constitution. Please keep in mind that if or when things go wrong, it would take at least four years and multiple legislative sessions, along with the associated costs, to repeal it from our state constitution.

It is important to understand how our state constitution works, especially regarding amendments to it. Articles 16 and 19 describe how the Nevada Constitution can only be amended in one of three ways: a state constitutional convention, a legislatively referred constitutional amendment, or an initiated constitutional amendment. The Nevada Legislature can propose either of the first two paths, and Nevada voters can directly initiate a constitutional amendment.

Nevada is the only state in the U.S. that requires a citizen-initiated amendment to be voted on twice. According to our state constitution, if an initiated constitutional amendment wins in one election, it must win again during the next general election in an even-numbered year. Only then can it become part of the constitution. This ensures Nevadans are provided sufficient time to consider potential impacts, both good and not so good.

Currently, Nevada's average electricity rates are lower than all 14 deregulated states. The

U.S. Energy Information Administration reported that Nevada consumer energy rates were 17.1 percent lower than the national average through August 2017. This was lower than all the deregulated states.

A concern often expressed is that potential legal challenges, court battles, and market uncertainty as the Nevada Legislature determines how to implement the complex restructuring required by Question 3 will cause both residential and commercial electricity to rise. If this were to happen, it may minimize investments in Nevada's energy infrastructure, impeding the Silver State's booming economy and jeopardizing both jobs and job growth.

There are many variables to consider and a multitude of questions yet to be answered. Some of these include:

- Will the initiative damage Nevada's renewable energy sector?
- Will rooftop solar customers continue to receive favorable net-metering rates for electricity returned to the grid?
- Will there be a provider of last resort, in case of emergencies or natural disasters?
- How will Question 3 change the way businesses and individuals purchase electricity?
- Will consumers of all types experience instability in electric rates?
- Will deregulation result in less reliable service?
- How will Nevadans be guaranteed that they will have the same quality of service and grid reliability enjoyed prior to the initiative?

None of these questions can be answered until the new system is implemented. At that point, it may be difficult and time-consuming to address and resolve problems.

Question 3 directs Nevada to dismantle its current regulated electricity system — deemed by many to be one of the most reliable and affordable in the U.S. — and replace it with a new, unknown system established by the legislature and the courts.

Recently, the Lyon County Board of Commissioners voted unanimously to support a resolution urging all county residents to vote "no" on Question 3. According to the Board, "Approval of Question 3 amending the Nevada Constitution would have numerous negative unintended consequences for its residents, and desires to inform voters and advise that matters as significant as deregulating the electric utility industry should be implemented through legislation so that all issues can be addressed as all parties heard."

NNDA urges Nevadans to thoroughly research Question 3 before the General Election. Online resources are provided in a separate section on this page. Please be sure to vote on November 6, 2018.

NEVADA BALLOT QUESTION 3: ENERGY CHOICE INITIATIVE



YES ON QUESTION 3:
yesquestion3.com

NO ON QUESTION 3:
noon3.com

ENERGY CHOICE INITIATIVE FINAL REPORT:
noon3.com/pucn-report/

RESTRUCTURING THE ELECTRICITY MARKET IN NEVADA? POSSIBILITIES, PROSPECTS, AND PITFALLS:
guinncenter.org

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