

Amendment No. 943

Assembly Amendment to Assembly Bill No. 524 First Reprint (BDR 58-985)

Proposed by: Assemblyman Watts

Amends: Summary: No Title: No Preamble: No Joint Sponsorship: No Digest: No

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



ASSEMBLY BILL NO. 524—ASSEMBLYMAN WATTS

MAY 26, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises certain provisions governing electric utilities. (BDR 58-985)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to energy; revising a definition relating to certain renewable energy facilities; revising provisions governing the submission of general rate applications; revising provisions governing the integrated resource plan submitted triennially by a utility; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires each electric utility to submit to the Public Utilities Commission of
2 Nevada every 3 years an integrated resource plan to increase the utility’s supply of electricity
3 or decrease the demands made on its system by its customers. Existing law provides that the
4 integrated resource plan must include certain components, including, without limitation, a
5 comparison of a diverse set of scenarios of the best combination of sources of supply to meet
6 the demands or the best methods to reduce the demands. (NRS 704.741) **Section 2** of this bill
7 sets forth certain declarations of the Legislature relating to the affordability, availability and
8 reliability of the supply of electricity in this State. **Section 4** of this bill requires the integrated
9 resource plan of an electric utility to include: (1) at least one scenario that provides for the
10 construction or acquisition of energy resources through contract or ownership to be placed
11 into service to close an open position utilizing dedicated energy resources in this State and
12 dedicated energy resources delivered through firm transmission; and (2) for each scenario
13 considered, certain information regarding each energy resource proposed and an evaluation of
14 the impact the implementation of a scenario will have on certain matters. **Section 4** authorizes
15 an electric utility to submit an integrated resource plan more frequently than once every 3
16 years. **Section 4** requires the Commission to adopt regulations governing the manner in which
17 and circumstances under which an electric utility may file an amendment to its integrated
18 resource plan. **Section 5** of this bill requires an electric utility to schedule a consumer session
19 before filing an integrated resource plan or an amendment to such a plan. **Sections 6 and 7** of
20 this bill make a conforming change to reflect changes in the numbering of subsections in
21 **section 4**.

22 **Section 1** of this bill revises the definition of “facility for the storage of energy from
23 renewable generation.”

24 Existing law requires certain electric utilities to file a general rate application once every
25 36 months. Existing law prohibits a public utility that has filed a general rate application from
26 filing another general rate application until all pending general rate applications filed by that
27 utility have been decided by the Commission, except under certain circumstances. (NRS
28 704.110) **Section 3** of this bill authorizes an electric utility to file a general rate application
29 more frequently than once every 36 months. **Section 3** provides that an affiliate of a public

30 utility is also prohibited from filing another general rate application until all pending general
31 rate applications filed by that utility have been decided by the Commission.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 701A.327 is hereby amended to read as follows:

2 701A.327 1. “Facility for the storage of energy from renewable generation”
3 means a facility that is constructed or installed for the ~~[sole]~~ purpose of storing
4 electric energy received from a facility for the generation of electricity from
5 renewable energy for release at a later time, including, without limitation, a facility
6 that is designed to use energy storage technology.

7 2. The term does not include a facility that is located on a residential property.

8 **Sec. 2.** Chapter 704 of NRS is hereby amended by adding thereto a new
9 section to read as follows:

10 *The Legislature hereby declares that:*

11 1. *Rising energy needs and supply chain issues in the western United States*
12 *have affected Nevada’s ability to access the energy market to serve Nevada*
13 *residents during periods of high energy demand.*

14 2. *It is paramount to the health and economic vitality of this State to ensure*
15 *the affordability, availability and reliability of its electric supply.*

16 3. *An efficient regional energy market and comprehensive resource*
17 *planning are essential to ensure affordable, safe and reliable electric service for*
18 *customers of an electric utility from a balanced portfolio of supply and demand*
19 *options, particularly in light of these challenges.*

20 4. *The integrated resource planning process must enable meaningful*
21 *participation and robust review of a utility’s proposals by the Commission and*
22 *stakeholders to ensure the affordability, resiliency and reliability of the state’s*
23 *electric supply by considering all reasonable measures including, without*
24 *limitation, demand-side management and increasing utility-owned, controlled or*
25 *contracted electric generating capacity.*

26 5. *Increasing access to reliable electric generating capacity and procuring*
27 *the most cost-effective resources supports the provision of affordable, resilient*
28 *and reliable energy services to Nevadans and this State should take advantage of*
29 *federal funding and tax benefits that provide additional opportunities.*

30 6. *It continues to be in the interest of this State to invest in a portfolio of*
31 *electric generation supply and demand-side management measures that increase*
32 *energy reliability and reduce greenhouse gas emissions consistent with state*
33 *policy.*

34 7. *It is in the interest of Nevada to reduce electric utilities’ reliance on*
35 *market purchases and secure sufficient energy supply to protect reliability in a*
36 *manner that promotes affordability and may reduce exposure to price volatility*
37 *for customers, through methods which include dedicated in-state resources and*
38 *dedicated energy resources delivered through firm transmission.*

39 **Sec. 3.** NRS 704.110 is hereby amended to read as follows:

40 704.110 Except as otherwise provided in NRS 704.075, 704.68861 to
41 704.68887, inclusive, and 704.7865, or as may otherwise be provided by the
42 Commission pursuant to NRS 704.095, 704.097 or 704.7621:

43 1. If a public utility files with the Commission an application to make changes
44 in any schedule, including, without limitation, changes that will result in a

1 discontinuance, modification or restriction of service, the Commission shall
2 investigate the propriety of the proposed changes to determine whether to approve
3 or disapprove the proposed changes. If an electric utility files such an application
4 and the application is a general rate application or an annual deferred energy
5 accounting adjustment application, the Consumer's Advocate shall be deemed a
6 party of record.

7 2. Except as otherwise provided in subsection 3, if a public utility files with
8 the Commission an application to make changes in any schedule, the Commission
9 shall, not later than 210 days after the date on which the application is filed, issue a
10 written order approving or disapproving, in whole or in part, the proposed changes.

11 3. If a public utility files with the Commission a general rate application, the
12 public utility shall submit with its application a statement showing the recorded
13 results of revenues, expenses, investments and costs of capital for its most recent 12
14 months for which data were available when the application was prepared. Except as
15 otherwise provided in subsection 4, in determining whether to approve or
16 disapprove any increased rates, the Commission shall consider evidence in support
17 of the increased rates based upon actual recorded results of operations for the same
18 12 months, adjusted for increased revenues, any increased investment in facilities,
19 increased expenses for depreciation, certain other operating expenses as approved
20 by the Commission and changes in the costs of securities which are known and are
21 measurable with reasonable accuracy at the time of filing and which will become
22 effective within 6 months after the last month of those 12 months, but the public
23 utility shall not place into effect any increased rates until the changes have been
24 experienced and certified by the public utility to the Commission and the
25 Commission has approved the increased rates. The Commission shall also consider
26 evidence supporting expenses for depreciation, calculated on an annual basis,
27 applicable to major components of the public utility's plant placed into service
28 during the recorded test period or the period for certification as set forth in the
29 application. Adjustments to revenues, operating expenses and costs of securities
30 must be calculated on an annual basis. Within 90 days after the date on which the
31 certification required by this subsection is filed with the Commission, or within the
32 period set forth in subsection 2, whichever time is longer, the Commission shall
33 make such order in reference to the increased rates as is required by this chapter.
34 The following public utilities shall each file a general rate application pursuant to
35 this subsection based on the following schedule:

36 (a) An electric utility that primarily serves less densely populated counties
37 shall file a general rate application:

38 (1) Not later than 5 p.m. on or before the first Monday in June 2019; and

39 (2) ~~Once~~ **At least once** every 36 months thereafter or on a date specified
40 in an alternative rate-making plan approved by the Commission pursuant to NRS
41 704.7621.

42 (b) An electric utility that primarily serves densely populated counties shall file
43 a general rate application:

44 (1) Not later than 5 p.m. on or before the first Monday in June 2020; and

45 (2) ~~Once~~ **At least once** every 36 months thereafter or on a date specified
46 in an alternative rate-making plan approved by the Commission pursuant to NRS
47 704.7621.

48 (c) A public utility that furnishes water for municipal, industrial or domestic
49 purposes or services for the disposal of sewage, or both, which had an annual gross
50 operating revenue of \$2,000,000 or more for at least 1 year during the immediately
51 preceding 3 years and which had not filed a general rate application with the
52 Commission on or after July 1, 2005, shall file a general rate application on or
53 before June 30, 2008, and at least once every 36 months thereafter unless waived by

1 the Commission pursuant to standards adopted by regulation of the Commission. If
2 a public utility furnishes both water and services for the disposal of sewage, its
3 annual gross operating revenue for each service must be considered separately for
4 determining whether the public utility meets the requirements of this paragraph for
5 either service.

6 (d) A public utility that furnishes water for municipal, industrial or domestic
7 purposes or services for the disposal of sewage, or both, which had an annual gross
8 operating revenue of \$2,000,000 or more for at least 1 year during the immediately
9 preceding 3 years and which had filed a general rate application with the
10 Commission on or after July 1, 2005, shall file a general rate application on or
11 before June 30, 2009, and at least once every 36 months thereafter unless waived by
12 the Commission pursuant to standards adopted by regulation of the Commission. If
13 a public utility furnishes both water and services for the disposal of sewage, its
14 annual gross operating revenue for each service must be considered separately for
15 determining whether the public utility meets the requirements of this paragraph for
16 either service.

17 ➤ The Commission shall adopt regulations setting forth standards for waivers
18 pursuant to paragraphs (c) and (d) and for including the costs incurred by the public
19 utility in preparing and presenting the general rate application before the effective
20 date of any change in rates.

21 4. In addition to submitting the statement required pursuant to subsection 3, a
22 public utility may submit with its general rate application a statement showing the
23 effects, on an annualized basis, of all expected changes in circumstances. If such a
24 statement is filed, it must include all increases and decreases in revenue and
25 expenses which may occur within 210 days after the date on which its general rate
26 application is filed with the Commission if such expected changes in circumstances
27 are reasonably known and are measurable with reasonable accuracy. If a public
28 utility submits such a statement, the public utility has the burden of proving that the
29 expected changes in circumstances set forth in the statement are reasonably known
30 and are measurable with reasonable accuracy. The Commission shall consider
31 expected changes in circumstances to be reasonably known and measurable with
32 reasonable accuracy if the expected changes in circumstances consist of specific
33 and identifiable events or programs rather than general trends, patterns or
34 developments, have an objectively high probability of occurring to the degree, in
35 the amount and at the time expected, are primarily measurable by recorded or
36 verifiable revenues and expenses and are easily and objectively calculated, with the
37 calculation of the expected changes relying only secondarily on estimates,
38 forecasts, projections or budgets. If the Commission determines that the public
39 utility has met its burden of proof:

40 (a) The Commission shall consider the statement submitted pursuant to this
41 subsection and evidence relevant to the statement, including all reasonable
42 projected or forecasted offsets in revenue and expenses that are directly attributable
43 to or associated with the expected changes in circumstances under consideration, in
44 addition to the statement required pursuant to subsection 3 as evidence in
45 establishing just and reasonable rates for the public utility; and

46 (b) The public utility is not required to file with the Commission the
47 certification that would otherwise be required pursuant to subsection 3.

48 5. If a public utility files with the Commission an application to make changes
49 in any schedule and the Commission does not issue a final written order regarding
50 the proposed changes within the time required by this section, the proposed changes
51 shall be deemed to be approved by the Commission.

52 6. If a public utility files with the Commission a general rate application, the
53 public utility, *or a public utility affiliated with the public utility through common*

1 *ownership*, shall not file with the Commission another general rate application until
2 all pending general rate applications filed by that public utility have been decided
3 by the Commission unless, after application and hearing, the Commission
4 determines that a substantial financial emergency would exist if the public utility *or*
5 *its affiliate* is not permitted to file another general rate application sooner. The
6 provisions of this subsection do not prohibit ~~the~~ a public utility from filing with
7 the Commission, while a general rate application is pending, an application to
8 recover the increased cost of purchased fuel, purchased power, or natural gas
9 purchased for resale pursuant to subsection 7, a quarterly rate adjustment pursuant
10 to subsection 8 or 10, any information relating to deferred accounting requirements
11 pursuant to NRS 704.185 or an annual deferred energy accounting adjustment
12 application pursuant to NRS 704.187, if the public utility is otherwise authorized to
13 so file by those provisions.

14 7. A public utility may file an application to recover the increased cost of
15 purchased fuel, purchased power, or natural gas purchased for resale once every 30
16 days. The provisions of this subsection do not apply to:

17 (a) An electric utility which is required to adjust its rates on a quarterly basis
18 pursuant to subsection 10; or

19 (b) A public utility which purchases natural gas for resale and which adjusts its
20 rates on a quarterly basis pursuant to subsection 8.

21 8. A public utility which purchases natural gas for resale must request
22 approval from the Commission to adjust its rates on a quarterly basis between
23 annual rate adjustment applications based on changes in the public utility's
24 recorded costs of natural gas purchased for resale. A public utility which purchases
25 natural gas for resale and which adjusts its rates on a quarterly basis may request
26 approval from the Commission to make quarterly adjustments to its deferred energy
27 accounting adjustment. The Commission shall approve or deny such a request not
28 later than 120 days after the application is filed with the Commission. The
29 Commission may approve the request if the Commission finds that approval of the
30 request is in the public interest. If the Commission approves a request to make
31 quarterly adjustments to the deferred energy accounting adjustment of a public
32 utility pursuant to this subsection, any quarterly adjustment to the deferred energy
33 accounting adjustment must not exceed 2.5 cents per therm of natural gas. If the
34 balance of the public utility's deferred account varies by less than 5 percent from
35 the public utility's annual recorded costs of natural gas which are used to calculate
36 quarterly rate adjustments, the deferred energy accounting adjustment must be set
37 to zero cents per therm of natural gas.

38 9. If the Commission approves a request to make any rate adjustments on a
39 quarterly basis pursuant to subsection 8:

40 (a) The public utility shall file written notice with the Commission before the
41 public utility makes a quarterly rate adjustment. A quarterly rate adjustment is not
42 subject to the requirements for notice and a hearing pursuant to NRS 703.320 or the
43 requirements for a consumer session pursuant to subsection 1 of NRS 704.069.

44 (b) The public utility shall provide written notice of each quarterly rate
45 adjustment to its customers by including the written notice with a customer's
46 regular monthly bill or by electronic transmission pursuant to NRS 704.188. The
47 public utility shall begin providing such written notice to its customers not later
48 than 30 days after the date on which the public utility files its written notice with
49 the Commission pursuant to paragraph (a). The written notice required by this
50 paragraph:

51 (1) Must be printed separately, if included with the customer's regular
52 monthly bill, or the subject line of the electronic transmission must indicate that

1 notice of a quarterly rate adjustment is included, if provided by electronic
2 transmission pursuant to NRS 704.188; and

3 (2) Must include the following in clear and bold text:

4 (I) The total amount of the increase or decrease in the public utility's
5 revenues from the rate adjustment, stated in dollars and as a percentage;

6 (II) The amount of the monthly increase or decrease in charges for
7 each class of customer or class of service, stated in dollars and as a percentage;

8 (III) A statement that customers may send written comments or
9 protests regarding the rate adjustment to the Commission;

10 (IV) A statement that the transactions and recorded costs of natural gas
11 which are the basis for any quarterly rate adjustment will be reviewed for
12 reasonableness and prudence in the next proceeding held by the Commission to
13 review the annual rate adjustment application pursuant to paragraph (d); and

14 (V) Any other information required by the Commission.

15 (c) The public utility shall file an annual rate adjustment application with the
16 Commission. The annual rate adjustment application is subject to the requirements
17 for notice and a hearing pursuant to NRS 703.320 and the requirements for a
18 consumer session pursuant to subsection 1 of NRS 704.069.

19 (d) The proceeding regarding the annual rate adjustment application must
20 include a review of each quarterly rate adjustment and the transactions and recorded
21 costs of natural gas included in each quarterly filing and the annual rate adjustment
22 application. There is no presumption of reasonableness or prudence for any
23 quarterly rate adjustment or for any transactions or recorded costs of natural gas
24 included in any quarterly rate adjustment or the annual rate adjustment application,
25 and the public utility has the burden of proving reasonableness and prudence in the
26 proceeding.

27 (e) The Commission shall not allow the public utility to recover any recorded
28 costs of natural gas which were the result of any practice or transaction that was
29 unreasonable or was undertaken, managed or performed imprudently by the public
30 utility, and the Commission shall order the public utility to adjust its rates if the
31 Commission determines that any recorded costs of natural gas included in any
32 quarterly rate adjustment or the annual rate adjustment application were not
33 reasonable or prudent.

34 10. An electric utility shall adjust its rates on a quarterly basis based on
35 changes in the electric utility's recorded costs of purchased fuel or purchased
36 power. In addition to adjusting its rates on a quarterly basis, an electric utility may
37 request approval from the Commission to make quarterly adjustments to its
38 deferred energy accounting adjustment. The Commission shall approve or deny
39 such a request not later than 120 days after the application is filed with the
40 Commission. The Commission may approve the request if the Commission finds
41 that approval of the request is in the public interest. If the Commission approves a
42 request to make quarterly adjustments to the deferred energy accounting adjustment
43 of an electric utility pursuant to this subsection, any quarterly adjustment to the
44 deferred energy accounting adjustment must not exceed 0.25 cents per kilowatt-
45 hour of electricity. If the balance of the electric utility's deferred account varies by
46 less than 5 percent from the electric utility's annual recorded costs for purchased
47 fuel or purchased power which are used to calculate quarterly rate adjustments, the
48 deferred energy accounting adjustment must be set to zero cents per kilowatt-hour
49 of electricity.

50 11. A quarterly rate adjustment filed pursuant to subsection 10 is subject to
51 the following requirements:

52 (a) The electric utility shall file written notice with the Commission on or
53 before August 15, 2007, and every quarter thereafter of the quarterly rate

1 adjustment to be made by the electric utility for the following quarter. The first
2 quarterly rate adjustment by the electric utility will take effect on October 1, 2007,
3 and each subsequent quarterly rate adjustment will take effect every quarter
4 thereafter. The first quarterly adjustment to a deferred energy accounting
5 adjustment must be made pursuant to an order issued by the Commission approving
6 the application of an electric utility to make quarterly adjustments to its deferred
7 energy accounting adjustment. A quarterly rate adjustment is not subject to the
8 requirements for notice and a hearing pursuant to NRS 703.320 or the requirements
9 for a consumer session pursuant to subsection 1 of NRS 704.069.

10 (b) The electric utility shall provide written notice of each quarterly rate
11 adjustment to its customers by including the written notice with a customer's
12 regular monthly bill or by electronic submission pursuant to NRS 704.188. The
13 electric utility shall begin providing such written notice to its customers not later
14 than 30 days after the date on which the electric utility files a written notice with
15 the Commission pursuant to paragraph (a). The written notice required by this
16 paragraph:

17 (1) Must be printed separately, if included with the customer's regular
18 monthly bill, or the subject line of the electronic transmission must indicate that
19 notice of a quarterly rate adjustment is included, if provided by electronic
20 transmission pursuant to NRS 704.188; and

21 (2) Must include the following in clear and bold text:

22 (I) The total amount of the increase or decrease in the electric utility's
23 revenues from the rate adjustment, stated in dollars and as a percentage;

24 (II) The amount of the monthly increase or decrease in charges for
25 each class of customer or class of service, stated in dollars and as a percentage;

26 (III) A statement that customers may send written comments or
27 protests regarding the rate adjustment to the Commission;

28 (IV) A statement that the transactions and recorded costs of purchased
29 fuel or purchased power which are the basis for any quarterly rate adjustment will
30 be reviewed for reasonableness and prudence in the next proceeding held by the
31 Commission to review the annual deferred energy accounting adjustment
32 application pursuant to paragraph (d); and

33 (V) Any other information required by the Commission.

34 (c) The electric utility shall file an annual deferred energy accounting
35 adjustment application pursuant to NRS 704.187 with the Commission. The annual
36 deferred energy accounting adjustment application is subject to the requirements for
37 notice and a hearing pursuant to NRS 703.320 and the requirements for a consumer
38 session pursuant to subsection 1 of NRS 704.069.

39 (d) The proceeding regarding the annual deferred energy accounting
40 adjustment application must include a review of each quarterly rate adjustment and
41 the transactions and recorded costs of purchased fuel and purchased power included
42 in each quarterly filing and the annual deferred energy accounting adjustment
43 application. There is no presumption of reasonableness or prudence for any
44 quarterly rate adjustment or for any transactions or recorded costs of purchased fuel
45 and purchased power included in any quarterly rate adjustment or the annual
46 deferred energy accounting adjustment application, and the electric utility has the
47 burden of proving reasonableness and prudence in the proceeding.

48 (e) The Commission shall not allow the electric utility to recover any recorded
49 costs of purchased fuel and purchased power which were the result of any practice
50 or transaction that was unreasonable or was undertaken, managed or performed
51 imprudently by the electric utility, and the Commission shall order the electric
52 utility to adjust its rates if the Commission determines that any recorded costs of
53 purchased fuel and purchased power included in any quarterly rate adjustment or

1 the annual deferred energy accounting adjustment application were not reasonable
2 or prudent.

3 12. If an electric utility files an annual deferred energy accounting adjustment
4 application pursuant to subsection 11 and NRS 704.187 while a general rate
5 application is pending, the electric utility shall:

6 (a) Submit with its annual deferred energy accounting adjustment application
7 information relating to the cost of service and rate design; and

8 (b) Supplement its general rate application with the same information, if such
9 information was not submitted with the general rate application.

10 13. A utility facility identified in a 3-year plan submitted pursuant to NRS
11 704.741 and accepted by the Commission for acquisition or construction pursuant
12 to NRS 704.751 and the regulations adopted pursuant thereto, or the retirement or
13 elimination of a utility facility identified in an emissions reduction and capacity
14 replacement plan submitted pursuant to NRS 704.7316 and accepted by the
15 Commission for retirement or elimination pursuant to NRS 704.751 and the
16 regulations adopted pursuant thereto, shall be deemed to be a prudent investment.
17 The utility may recover all just and reasonable costs of planning and constructing,
18 or retiring or eliminating, as applicable, such a facility. For the purposes of this
19 subsection, a plan or an amendment to a plan shall be deemed to be accepted by the
20 Commission only as to that portion of the plan or amendment accepted as filed or
21 modified with the consent of the utility pursuant to NRS 704.751.

22 14. In regard to any rate or schedule approved or disapproved pursuant to this
23 section, the Commission may, after a hearing:

24 (a) Upon the request of the utility, approve a new rate but delay the
25 implementation of that new rate:

26 (1) Until a date determined by the Commission; and

27 (2) Under conditions as determined by the Commission, including, without
28 limitation, a requirement that interest charges be included in the collection of the
29 new rate; and

30 (b) Authorize a utility to implement a reduced rate for low-income residential
31 customers.

32 15. The Commission may, upon request and for good cause shown, permit a
33 public utility which purchases natural gas for resale or an electric utility to make a
34 quarterly adjustment to its deferred energy accounting adjustment in excess of the
35 maximum allowable adjustment pursuant to subsection 8 or 10.

36 16. A public utility which purchases natural gas for resale or an electric utility
37 that makes quarterly adjustments to its deferred energy accounting adjustment
38 pursuant to subsection 8 or 10 may submit to the Commission for approval an
39 application to discontinue making quarterly adjustments to its deferred energy
40 accounting adjustment and to subsequently make annual adjustments to its deferred
41 energy accounting adjustment. The Commission may approve an application
42 submitted pursuant to this subsection if the Commission finds that approval of the
43 application is in the public interest.

44 17. As used in this section:

45 (a) "Deferred energy accounting adjustment" means the rate of a public utility
46 which purchases natural gas for resale or an electric utility that is calculated by
47 dividing the balance of a deferred account during a specified period by the total
48 therms or kilowatt-hours which have been sold in the geographical area to which
49 the rate applies during the specified period, not including kilowatt-hours sold
50 pursuant to an expanded solar access program established pursuant to NRS
51 704.7865.

52 (b) "Electric utility" has the meaning ascribed to it in NRS 704.187.

1 (c) “Electric utility that primarily serves densely populated counties” means an
2 electric utility that, with regard to the provision of electric service, derives more of
3 its annual gross operating revenue in this State from customers located in counties
4 whose population is 700,000 or more than it does from customers located in
5 counties whose population is less than 700,000.

6 (d) “Electric utility that primarily serves less densely populated counties”
7 means an electric utility that, with regard to the provision of electric service,
8 derives more of its annual gross operating revenue in this State from customers
9 located in counties whose population is less than 700,000 than it does from
10 customers located in counties whose population is 700,000 or more.

11 **Sec. 4.** NRS 704.741 is hereby amended to read as follows:

12 704.741 1. A utility which supplies electricity in this State shall, on or
13 before June 1 of every third year, *or more often if necessary*, in the manner
14 specified by the Commission, submit a plan to increase its supply of electricity or
15 decrease the demands made on its system by its customers to the Commission. Two
16 or more utilities that are affiliated through common ownership and that have an
17 interconnected system for the transmission of electricity shall submit a joint plan.

18 2. The Commission shall, by regulation:

19 (a) Prescribe the contents of such a plan, including, but not limited to, the
20 methods or formulas which are used by the utility or utilities to:

21 (1) Forecast the future demands, except that a forecast of the future retail
22 electric demands of the utility or utilities must not include the amount of energy and
23 capacity proposed pursuant to subsection ~~(5)~~ 6 as annual limits on the total amount
24 of energy and capacity that eligible customers may be authorized to purchase from
25 providers of new electric resources through transactions approved by the
26 Commission pursuant to an application submitted pursuant to NRS 704B.310 on or
27 after May 16, 2019; and

28 (2) Determine the best combination of sources of supply to meet the
29 demands or the best method to reduce them; ~~and~~

30 (b) Designate renewable energy zones and revise the designated renewable
31 energy zones as the Commission deems necessary ~~;~~ *and*

32 *(c) Establish requirements governing the manner in which and*
33 *circumstances under which an amendment may be filed with the Commission to*
34 *modify an approved plan.*

35 3. The Commission shall require the utility or utilities to include in the plan:

36 (a) An energy efficiency program for residential customers which reduces the
37 consumption of electricity or any fossil fuel and which includes, without limitation,
38 the use of new solar thermal energy sources.

39 (b) A proposal for the expenditure of not less than 10 percent of the total
40 expenditures related to energy efficiency and conservation programs on energy
41 efficiency measures for customers of the electric utility in low-income households
42 and residential customers and public schools in historically underserved
43 communities, through both targeted programs and programs directed at residential
44 customers and public schools in general.

45 (c) A comparison of a diverse set of scenarios of the best combination of
46 sources of supply to meet the demands or the best methods to reduce the demands,
47 which must include ~~and~~:

48 *(I) At least one scenario of low carbon dioxide emissions that:*

49 ~~(1)~~ *(I) Uses sources of supply that result in, by 2050, an amount of*
50 *energy production from zero carbon dioxide emission resources that equals the*
51 *forecasted demand for electricity by customers of the utility;*

52 ~~(2)~~ *(II) Includes the deployment of distributed generation; and*

1 ~~(3)~~ (III) If the plan is submitted on or before June 1, 2027, uses sources
2 of supply that result in, by the year 2030, an 80 percent reduction in carbon dioxide
3 emissions from the generation of electricity to meet the demands of customers of
4 the utility as compared to the amount of such emissions in the year 2005.

5 (2) *At least one scenario that provides for the construction or acquisition*
6 *of energy resources through contract or ownership to be placed into service to*
7 *close an open position utilizing dedicated energy resources in this State and*
8 *dedicated energy resources delivered through firm transmission. A significant*
9 *share of the renewable energy facilities and energy storage systems included in*
10 *the scenario must be owned by the utility.*

11 *↳ A requirement to include a particular scenario in the plan pursuant to this*
12 *paragraph, or the compliance of a utility with such a requirement, shall not be*
13 *construed as indicating a preference by the Commission or the utility for a*
14 *particular scenario.*

15 (d) An analysis of the effects of the requirements of NRS 704.766 to 704.776,
16 inclusive, on the reliability of the distribution system of the utility or utilities and
17 the costs to the utility or utilities to provide electric service to all customers. The
18 analysis must include an evaluation of the costs and benefits of addressing issues of
19 reliability through investment in the distribution system.

20 (e) A list of the utility's or utilities' assets described in NRS 704.7338.

21 (f) A surplus asset retirement plan as required by NRS 704.734.

22 4. *For each scenario considered pursuant to subsection 3, the plan must*
23 *include, without limitation:*

24 (a) *For each energy resource proposed:*

25 (1) *A description of each energy resource to be constructed, acquired or*
26 *contracted for by the utility, including, without limitation, the location of the*
27 *energy resource, the technology to be used by the energy resource to generate*
28 *electricity, the anticipated capacity of the energy resource and the anticipated*
29 *date by which the energy resource will be placed into service;*

30 (2) *The cost of constructing or acquiring, operating and maintaining the*
31 *energy resource or, if the energy resource is contracted for by the utility, the price*
32 *of the energy to be supplied by the energy resource;*

33 (3) *Whether the energy resource will be owned by the utility or utilized by*
34 *the utility pursuant to a contract with a third party; and*

35 (4) *Any other information required by the Commission to evaluate the*
36 *prudence of the scenario.*

37 (b) *An evaluation of the impact that the implementation of the scenario will*
38 *have on:*

39 (1) *The ability of the utility to decrease its reliance on market purchases*
40 *to meet the utility's open energy load requirements, including, without limitation,*
41 *any appropriate reserves, and the forecast of energy needs over the next 10 years;*

42 (2) *The ability of the utility to reliably integrate into its supply portfolio*
43 *larger amounts of electricity from variable energy resources, including, without*
44 *limitation, solar, geothermal, hydropower and wind energy resources;*

45 (3) *The ability of the utility to access energy markets or geographic*
46 *locations that have excess capacity to import into this State through firm*
47 *transmission to ensure additional reliability in times of increased energy needs;*

48 (4) *The ability of the utility to increase access to carbon-free energy,*
49 *support compliance with the renewable portfolio standard and advance the goals*
50 *for the reduction of greenhouse gas emissions set forth in NRS 445B.380 and*
51 *704.7820 through a balanced portfolio of energy supply and demand-side*
52 *resources;*

1 (5) *The ability of the utility to demonstrate to a regional entity that the*
2 *utility has adequate resources to meet the forecast for energy needs over the next*
3 *10 years;*

4 (6) *The ability of the utility to advance cost-effective demand-side*
5 *management;*

6 (7) *The rates charged to the customers of the utility, provided that, in*
7 *implementing the plan, the utility must endeavor to mitigate costs for the benefit*
8 *of customers to the extent possible by utilizing federal funding and tax credits*
9 *available to utilities or third parties for the development of electric resources; and*

10 (8) *The benefits from high-quality jobs, job training and apprenticeships*
11 *provided by the projects included in the plan, whether constructed or operated by*
12 *the utility or a third-party developer.*

13 ~~4.~~ 5. The Commission shall require the utility or utilities to include in the
14 plan a distributed resources plan. The distributed resources plan must:

15 (a) Evaluate the locational benefits and costs of distributed resources. This
16 evaluation must be based on reductions or increases in local generation capacity
17 needs, avoided or increased investments in distribution infrastructure, safety
18 benefits, reliability benefits and any other savings the distributed resources provide
19 to the electricity grid for this State or costs to customers of the electric utility or
20 utilities.

21 (b) Propose or identify standard tariffs, contracts or other mechanisms for the
22 deployment of cost-effective distributed resources that satisfy the objectives for
23 distribution planning.

24 (c) Propose cost-effective methods of effectively coordinating existing
25 programs approved by the Commission, incentives and tariffs to maximize the
26 locational benefits and minimize the incremental costs of distributed resources.

27 (d) Identify any additional spending necessary to integrate cost-effective
28 distributed resources into distribution planning consistent with the goal of yielding
29 a net benefit to the customers of the electric utility or utilities.

30 (e) Identify barriers to the deployment of distributed resources, including,
31 without limitation, safety standards related to technology or operation of the
32 distribution system in a manner that ensures reliable service.

33 (f) Include a transportation electrification plan as required by NRS 704.7867.

34 ~~5.~~ 6. The Commission shall require the utility or utilities to include in the
35 plan a proposal for annual limits on the total amount of energy and capacity that
36 eligible customers may be authorized to purchase from providers of new electric
37 resources through transactions approved by the Commission pursuant to an
38 application submitted pursuant to NRS 704B.310 on or after May 16, 2019. In
39 developing the proposal and the forecasts in the plan, the utility or utilities must use
40 a sensitivity analysis that, at a minimum, addresses load growth, import capacity,
41 system constraints and the effect of eligible customers purchasing less energy and
42 capacity than authorized by the proposed annual limit. The proposal in the plan
43 must include, without limitation:

44 (a) A forecast of the load growth of the utility or utilities;

45 (b) The number of eligible customers that are currently being served by or
46 anticipated to be served by the utility or utilities;

47 (c) Information concerning the infrastructure of the utility or utilities that is
48 available to accommodate market-based new electric resources;

49 (d) Proposals to ensure the stability of rates and the availability and reliability
50 of electric service; and

51 (e) For each year of the plan, impact fees applicable to each megawatt or each
52 megawatt hour to account for costs reflected in the base tariff general rate and base
53 tariff energy rate paid by end-use customers of the electric utility.

1 ~~[6.]~~ 7. The annual limits proposed pursuant to subsection ~~[5]~~ 6 shall not
2 apply to energy and capacity sales to an eligible customer if the eligible customer:

3 (a) Was not an end-use customer of the electric utility at any time before June
4 12, 2019; and

5 (b) Would have a peak load of 10 megawatts or more in the service territory of
6 an electric utility within 2 years of initially taking electric service.

7 ~~[7.]~~ 8. As used in this section:

8 (a) “Distributed generation system” has the meaning ascribed to it in NRS
9 701.380.

10 (b) “Distributed resources” means distributed generation systems, energy
11 efficiency, energy storage, electric vehicles and demand-response technologies.

12 (c) “Eligible customer” has the meaning ascribed to it in NRS 704B.080.

13 (d) “Energy” has the meaning ascribed to it in NRS 704B.090.

14 (e) “Energy storage system” has the meaning ascribed to it in NRS 704.793.

15 (f) “Historically underserved community” has the meaning ascribed to it in
16 NRS 704.78343.

17 ~~(g)~~ (g) “Low-income household” has the meaning ascribed to it in NRS
18 704.78347.

19 ~~(h)~~ (h) “New electric resource” has the meaning ascribed to it in NRS
20 704B.110.

21 ~~(i)~~ (i) “Provider of new electric resources” has the meaning ascribed to it in
22 NRS 704B.130.

23 ~~(j)~~ (j) “Renewable energy zones” means specific geographic zones where
24 renewable energy resources are sufficient to develop generation capacity and where
25 transmission constrains the delivery of electricity from those resources to
26 customers.

27 ~~(k)~~ (k) “Sensitivity analysis” means a set of methods or procedures which
28 results in a determination or estimation of the sensitivity of a result to a change in
29 given data or a given assumption.

30 **Sec. 5.** NRS 704.744 is hereby amended to read as follows:

31 704.744 **1.** The Commission shall require each utility which supplies
32 electricity in this State, not less than 4 months before filing a plan required pursuant
33 to NRS 704.741, or within a reasonable period before filing an amendment to such
34 a plan ~~[pursuant to NRS 704.751.]~~ **in accordance with the regulations adopted by**
35 **the Commission pursuant to NRS 704.741,** to meet with personnel from the
36 Commission and the Bureau of Consumer Protection in the Office of the Attorney
37 General and any other interested persons to provide an overview of the anticipated
38 filing or amendment.

39 **2. Each utility which supplies electricity in this State shall, before filing a**
40 **plan required pursuant to NRS 704.741 or an amendment to such a plan,**
41 **schedule at least one consumer session to review the plan or amendment and**
42 **provide an opportunity for interested persons to:**

43 (a) **Learn about the progress of the utility in developing plans and**
44 **amendments to plans;**

45 (b) **Determine whether key assumptions are being applied in a consistent and**
46 **acceptable manner;**

47 (c) **Determine whether key results are reasonable; and**

48 (d) **Offer suggestions on other matters as appropriate.**

49 **3. Each utility shall prepare a summary of each consumer session held**
50 **pursuant to subsection 2 and include the summary in the testimony of the utility**
51 **in support of the plan or amendment to the plan.**

1 **Sec. 6.** NRS 704.746 is hereby amended to read as follows:

2 704.746 1. After a utility has filed its plan pursuant to NRS 704.741, the
3 Commission shall convene a public hearing on the adequacy of the plan.

4 2. The Commission shall determine the parties to the public hearing on the
5 adequacy of the plan. A person or governmental entity may petition the
6 Commission for leave to intervene as a party. The Commission must grant a
7 petition to intervene as a party in the hearing if the person or entity has relevant
8 material evidence to provide concerning the adequacy of the plan. The Commission
9 may limit participation of an intervener in the hearing to avoid duplication and may
10 prohibit continued participation in the hearing by an intervener if the Commission
11 determines that continued participation will unduly broaden the issues, will not
12 provide additional relevant material evidence or is not necessary to further the
13 public interest.

14 3. In addition to any party to the hearing, any interested person may make
15 comments to the Commission regarding the contents and adequacy of the plan.

16 4. After the hearing, the Commission shall determine whether:

17 (a) The forecast requirements of the utility or utilities are based on
18 substantially accurate data and an adequate method of forecasting.

19 (b) The plan identifies and takes into account any present and projected
20 reductions in the demand for energy that may result from measures to improve
21 energy efficiency in the industrial, commercial, residential and energy producing
22 sectors of the area being served.

23 (c) The plan adequately demonstrates the economic, environmental and other
24 benefits to this State and to the customers of the utility or utilities associated with
25 the following possible measures and sources of supply:

26 (1) Improvements in energy efficiency;

27 (2) Pooling of power;

28 (3) Purchases of power from neighboring states or countries;

29 (4) Facilities that operate on solar or geothermal energy or wind;

30 (5) Facilities that operate on the principle of cogeneration or
31 hydrogeneration;

32 (6) Other generation facilities; and

33 (7) Other transmission facilities.

34 5. The Commission shall give preference to the measures and sources of
35 supply set forth in paragraph (c) of subsection 4 that:

36 (a) Provide the greatest economic and environmental benefits to the State;

37 (b) Are consistent with the provisions of this section;

38 (c) Provide levels of service that are adequate and reliable;

39 (d) Provide the greatest opportunity for the creation of new jobs in this State;
40 and

41 (e) Provide for diverse electricity supply portfolios and which reduce customer
42 exposure to the price volatility of fossil fuels and the potential costs of carbon.

43 In considering the measures and sources of supply set forth in paragraph (c) of
44 subsection 4 and determining the preference given to such measures and sources of
45 supply, the Commission shall consider the cost of those measures and sources of
46 supply to the customers of the electric utility or utilities.

47 6. The Commission shall:

48 (a) Adopt regulations which determine the level of preference to be given to
49 those measures and sources of supply; and

50 (b) Consider the value to the public of using water efficiently when it is
51 determining those preferences.

52 7. The Commission shall:

1 (a) Consider the level of financial commitment from developers of renewable
2 energy projects in each renewable energy zone, as designated pursuant to
3 subsection 2 of NRS 704.741; and

4 (b) Adopt regulations establishing a process for considering such commitments
5 including, without limitation, contracts for the sale of energy, leases of land and
6 mineral rights, cash deposits and letters of credit.

7 8. The Commission shall, after a hearing, review and accept or modify an
8 emissions reduction and capacity replacement plan which includes each element
9 required by NRS 704.7316. In considering whether to accept or modify an
10 emissions reduction and capacity replacement plan, the Commission shall consider:

11 (a) The cost to the customers of the electric utility or utilities to implement the
12 plan;

13 (b) Whether the plan provides the greatest economic benefit to this State;

14 (c) Whether the plan provides the greatest opportunities for the creation of new
15 jobs in this State; and

16 (d) Whether the plan represents the best value to the customers of the electric
17 utility or utilities.

18 9. In considering whether to accept or modify a proposal for annual limits on
19 the total amount of energy and capacity that eligible customers may be authorized
20 to purchase from providers of new electric resources through transactions approved
21 by the Commission pursuant to an application submitted pursuant to NRS 704B.310
22 after May 16, 2019, which is included in the plan pursuant to subsection ~~5~~ 6 of
23 NRS 704.741, the Commission shall consider whether the proposed annual limits:

24 (a) Further the public interest, including, without limitation, whether the
25 proposed annual limits promote safe, economic, efficient and reliable electric
26 service to all customers of electric service in this State;

27 (b) Align an economically viable utility model with state public policy goals;
28 and

29 (c) Encourage the development and use of renewable energy resources located
30 in this State and, in particular, renewable energy resources that are coupled with
31 energy storage.

32 10. In considering whether to accept or modify a plan to accelerate
33 transportation electrification submitted pursuant to NRS 704.7867, the Commission
34 shall consider:

35 (a) Whether the proposed investments, incentives, rate designs, systems and
36 programs are reasonably expected to achieve one or more of the following:

37 (1) Improve the efficiency of the electric utility's electrical system,
38 operational flexibility or system utilization during off-peak hours;

39 (2) Improve the ability of the electric utility to integrate renewable energy
40 resources which generate electricity on an intermittent basis into the transmission
41 and distribution grid;

42 (3) Reduce greenhouse gas emissions and air pollution;

43 (4) Improve air quality in communities most affected by air pollution from
44 the transportation sector;

45 (5) Support increased consumer choice in electric vehicle charging and
46 related infrastructure and services;

47 (6) Increase access to the use of electricity as a transportation fuel by low-
48 income users by including investments, incentives or programs for those users, or
49 for entities operating in communities or at locations that will benefit low-income
50 users;

51 (7) Foster the investment of private capital in transportation electrification,
52 as defined in NRS 704.7867, and the demand for skilled jobs in related services;
53 and

1 (8) Provide information and education on the benefits of transportation
2 electrification to customers.

3 (b) Whether the proposed investments, incentives, rate designs, systems and
4 programs provide electric services and pricing that customers value.

5 (c) Whether the proposed investments, incentives, systems and programs
6 incorporate public reporting requirements which will serve to inform program
7 design and Commission policy.

8 (d) The cost to the customers of the electric utility to implement the plan.

9 **Sec. 7.** NRS 704.751 is hereby amended to read as follows:

10 704.751 1. After a utility has filed the plan required pursuant to NRS
11 704.741, the Commission shall issue an order accepting or modifying the plan or
12 specifying any portions of the plan it deems to be inadequate:

13 (a) Within 135 days for any portion of the plan relating to the energy supply
14 plan for the utility for the 3 years covered by the plan; and

15 (b) Within 210 days for all portions of the plan not described in paragraph (a).

16 ➤ If the Commission issues an order modifying the plan, the utility or utilities may
17 consent to or reject some or all of the modifications by filing with the Commission
18 a notice to that effect. Any such notice must be filed not later than 30 days after the
19 date of issuance of the order. If such a notice is filed, any petition for
20 reconsideration or rehearing of the order must be filed with the Commission not
21 later than 10 business days after the date the notice is filed.

22 2. If a utility files an amendment to a plan, the Commission shall issue an
23 order accepting or modifying the amendment or specifying any portions of the
24 amendment it deems to be inadequate:

25 (a) Within 165 days after the filing of the amendment; or

26 (b) Within 180 days after the filing of the amendment for all portions of the
27 amendment which contain an element of the emissions reduction and capacity
28 replacement plan.

29 ➤ If the Commission issues an order modifying the amendment, the utility or
30 utilities may consent to or reject some or all of the modifications by filing with the
31 Commission a notice to that effect. Any such notice must be filed not later than 30
32 days after the date of issuance of the order. If such a notice is filed, any petition for
33 reconsideration or rehearing of the order must be filed with the Commission not
34 later than 10 business days after the date the notice is filed.

35 3. Any order issued by the Commission accepting or modifying a plan
36 required pursuant to NRS 704.741 or an amendment to such a plan must include the
37 justification of the Commission for the preferences given pursuant to subsection 5
38 of NRS 704.746 to the measures and sources of supply set forth in paragraph (c) of
39 subsection 4 of NRS 704.746.

40 4. All prudent and reasonable expenditures made to develop the utility's or
41 utilities' plan, including environmental, engineering and other studies, must be
42 recovered from the rates charged to the utility's or utilities' customers.

43 5. The Commission may accept an energy efficiency plan containing an
44 energy efficiency program submitted pursuant to paragraph (a) of subsection 3 of
45 NRS 704.741 and energy efficiency and conservation programs submitted pursuant
46 to paragraph (b) of subsection 3 of NRS 704.741 that are not cost effective if the
47 energy efficiency plan as a whole is cost effective. Any order issued by the
48 Commission accepting or modifying an energy efficiency plan or an amendment to
49 such a plan must, if the energy efficiency plan remains cost effective, require that
50 not less than 10 percent of the total expenditures of the utility or utilities on
51 approved energy efficiency and conservation programs in the energy efficiency
52 plan must be specifically directed to energy efficiency measures for customers of
53 the utility or utilities in low-income households and residential customers and

1 public schools in historically underserved communities, through both targeted
2 programs and programs directed at residential customers and public schools in
3 general.

4 6. The Commission may accept a distributed resources plan submitted
5 pursuant to subsection ~~4~~ 5 of NRS 704.741 if the Commission determines that the
6 plan includes each element required by that subsection.

7 7. Any order issued by the Commission accepting or modifying an element of
8 an emissions reduction and capacity replacement plan must include provisions
9 authorizing the electric utility or utilities to construct or acquire and own electric
10 generating plants necessary to meet the capacity amounts approved in, and carry
11 out the provisions of, the plan. As used in this subsection, “capacity” means an
12 amount of firm electric generating capacity used by the electric utility or utilities
13 for the purpose of preparing a plan filed with the Commission pursuant to NRS
14 704.736 to 704.754, inclusive.

15 8. The Commission shall accept a transmission infrastructure for a clean
16 energy economy plan that conforms to the requirements of subsections 1 and 2 of
17 NRS 704.79877 and includes the evaluations required by subsection 4 of NRS
18 704.79877.

19 9. As used in this section:

20 (a) “Historically underserved community” has the meaning ascribed to it in
21 NRS 704.78343.

22 (b) “Low-income household” has the meaning ascribed to it in NRS
23 704.78347.

24 **Sec. 8.** Notwithstanding the provisions of NRS 218D.430 and 218D.435, a
25 committee may vote on this act before the expiration of the period prescribed for
26 the return of a fiscal note in NRS 218D.475. This section applies retroactively from
27 and after May 26, 2023.

28 **Sec. 9.** 1. This section becomes effective upon passage and approval.

29 2. Section 1 of this act becomes effective on July 1, 2023.

30 ~~2~~ 3. Sections 2 to 8, inclusive, of this act become effective:

31 (a) Upon passage and approval for the purpose of adopting any
32 regulations and performing any other preparatory administrative tasks that
33 are necessary to carry out the provisions of this act; and

34 (b) On October 1, 2023, for all other purposes.

35 4. Section 1 of this act expires by limitation on June 30, 2049.