
ASSEMBLY BILL NO. 206—ASSEMBLYMEN BROOKS, FRIERSON,
YEAGER, MCCURDY II, WATKINS; AND FUMO

PREFILED FEBRUARY 13, 2017

JOINT SPONSORS: SENATORS CANCELA, PARKS AND SPEARMAN

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to the renewable portfolio standard. (BDR 58-746)

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 renewable energy; declaring the policy of this State concerning renewable energy; requiring an assessment of technically feasible and economically viable pathways for achieving the goals in the policy to be included in the comprehensive state energy plan; requiring the comprehensive state energy plan to be updated at least once every 2 years; revising the portfolio standard for providers of electric service in this State; requiring the Public Utilities Commission of Nevada to revise any existing portfolio standard applicable to a provider of new electric resources to comply with the portfolio standard established by this act; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 **Section 2** of this bill sets forth findings and declarations of the Legislature that
2 it is the policy of this State to: (1) encourage and accelerate the development of new
3 renewable energy projects for the economic, health and environmental benefits
4 provided to the people of this State; and (2) become a leading producer and
5 consumer of clean and renewable energy, with a goal of achieving by 2040 an
6 amount of renewable energy production of at least 80 percent of the electricity sold
7 by providers of electric service in this State.

8 Existing law requires the Director of the Office of Energy to prepare a
9 comprehensive state energy plan which, in part, provides for the promotion of the



10 use of renewable energy and the use of energy conservation and energy efficiency
11 measures. (NRS 701.190) **Section 1** of this bill requires the Director to update the
12 comprehensive state energy plan at least once every 2 years and to include in the
13 plan provisions for the assessment of technically feasible and economically viable
14 pathways for achieving by 2040 the goal of generating or acquiring an amount of
15 annual renewable energy production of at least 80 percent of the electricity sold by
16 providers of electric service in this State. **Section 1** also requires the Director to
17 submit to the Governor and the Legislature a biennial report of the most recent
18 update to the comprehensive state energy plan.

19 Existing law requires the Public Utilities Commission of Nevada to establish a
20 portfolio standard which requires each provider of electric service in this State to
21 generate, acquire or save electricity from renewable energy systems or efficiency
22 measures a certain percentage of the total amount of electricity sold by the provider
23 to its retail customers in this State during a calendar year. (NRS 704.7821) **Section**
24 **3** of this bill revises the portfolio standard for calendar year 2018 and each calendar
25 year thereafter so that by calendar year 2030 and for each calendar year thereafter,
26 each provider of electric service will be required to generate, acquire or save
27 electricity from renewable energy systems or efficiency measures not less than 50
28 percent of the total amount of electricity sold by the provider to its retail customers
29 in this State during that calendar year. **Section 3** also eliminates the requirement
30 that a minimum percentage of the amount of electricity that the provider is required
31 to generate, acquire or save be generated or acquired from solar renewable energy
32 systems. **Sections 3 and 4** of this bill provide that the portfolio standard established
33 by NRS 704.7821 is applicable to providers of new electric resources, and **section 5**
34 of this bill requires the Commission, before July 1, 2017, to revise any portfolio
35 standard established for a provider of new electric resources to comply with the
36 revised portfolio standard established by **section 3**.

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

1 **Section 1.** NRS 701.190 is hereby amended to read as follows:
2 701.190 1. The Director shall prepare a comprehensive state
3 energy plan which provides for the promotion of:

4 (a) Energy projects that enhance the economic development of
5 the State;

6 (b) The use of renewable energy;

7 (c) The use of measures which conserve or reduce the demand
8 for energy or which result in more efficient use of energy; and

9 (d) A program for the safe disposal and recycling of electronic
10 waste, electrical equipment and other waste, including, without
11 limitation, a program for the safe disposal and recycling of compact
12 fluorescent light bulbs.

13 2. The comprehensive state energy plan must *be updated at*
14 *least once every 2 years and* include provisions for:

15 (a) *The assessment of technically feasible and economically*
16 *viable pathways for providers of electric service within this State to*
17 *achieve by 2040 the goal of generating or acquiring an amount of*
18 *annual renewable energy production equal to at least 80 percent*



1 *of the total amount of electricity sold by providers of electric*
2 *service in this State. The Director may consult with, contract with*
3 *or employ one or more knowledgeable and independent third*
4 *parties to assist in the preparation of the assessment required by*
5 *this paragraph.*

6 (b) The assessment of the potential benefits of proposed energy
7 projects on the economic development of the State.

8 ~~(b)~~ (c) The education of persons and entities concerning
9 renewable energy and measures which conserve or reduce the
10 demand for energy or which result in more efficient use of energy.

11 ~~(c)~~ (d) The creation of incentives for investment in and the use
12 of renewable energy and measures which conserve or reduce the
13 demand for energy or which result in more efficient use of energy.

14 ~~(d)~~ (e) Grants and other money to establish programs and
15 conduct activities which promote:

16 (1) Energy projects that enhance the economic development
17 of the State;

18 (2) The use of renewable energy;

19 (3) The use of measures which conserve or reduce the
20 demand for energy or which result in more efficient use of energy;
21 and

22 (4) The recycling of electronic waste, electrical equipment
23 and other waste, including, without limitation, a program for the
24 safe disposal and recycling of compact fluorescent light bulbs.

25 ~~(e)~~ (f) The development or incorporation by reference of
26 model and uniform building and energy codes and standards which
27 are written in language that is easy to understand and which include
28 performance standards for conservation of energy and efficient use
29 of energy.

30 ~~(f)~~ (g) The promotion of the development in this State of a
31 curriculum for a program of renewable energy education and
32 recycling education in kindergarten through grade 12.

33 ~~(g)~~ (h) The promotion of the development by institutions of
34 higher education in this State of research and educational programs
35 relating to renewable energy.

36 ~~(h)~~ (i) Oversight and accountability with respect to all
37 programs and activities described in this subsection.

38 ~~(i)~~ (j) Any other matter that the Director determines to be
39 relevant to the issues of energy resources, energy use, energy
40 conservation and energy efficiency.

41 **3. The Director shall, on or before November 30 of each**
42 **even-numbered year, prepare a report concerning the most recent**
43 **version of the comprehensive state energy plan and submit it to the**
44 **Governor and to the Director of the Legislative Counsel Bureau**
45 **for transmittal to the next regular session of the Legislature.**



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

3 *The Legislature finds and declares that it is the policy of this*
4 *State to:*

5 1. *Encourage and accelerate the development of new*
6 *renewable energy projects for the economic, health and*
7 *environmental benefits provided to the people of this State; and*

8 2. *Become a leading producer and consumer of clean and*
9 *renewable energy, with a goal of achieving by 2040 an amount of*
10 *renewable energy production equal to at least 80 percent of the*
11 *total amount of electricity sold by providers of electric service in*
12 *this State.*

13 **Sec. 3.** NRS 704.7821 is hereby amended to read as follows:

14 704.7821 1. For each provider of electric service, the
15 Commission shall establish a portfolio standard. The portfolio
16 standard must require each provider to generate, acquire or save
17 electricity from portfolio energy systems or efficiency measures in
18 an amount that is:

19 (a) For calendar years 2005 and 2006, not less than 6 percent of
20 the total amount of electricity sold by the provider to its retail
21 customers in this State during that calendar year.

22 (b) For calendar years 2007 and 2008, not less than 9 percent of
23 the total amount of electricity sold by the provider to its retail
24 customers in this State during that calendar year.

25 (c) For calendar years 2009 and 2010, not less than 12 percent
26 of the total amount of electricity sold by the provider to its retail
27 customers in this State during that calendar year.

28 (d) For calendar years 2011 and 2012, not less than 15 percent
29 of the total amount of electricity sold by the provider to its retail
30 customers in this State during that calendar year.

31 (e) For calendar years 2013 and 2014, not less than 18 percent
32 of the total amount of electricity sold by the provider to its retail
33 customers in this State during that calendar year.

34 (f) For calendar years 2015 through ~~2019,~~ 2017, inclusive, not
35 less than 20 percent of the total amount of electricity sold by the
36 provider to its retail customers in this State during that calendar
37 year.

38 (g) For calendar years ~~2020 through 2024, inclusive,~~ 2018 and
39 2019, not less than ~~22~~ 26 percent of the total amount of electricity
40 sold by the provider to its retail customers in this State during that
41 calendar year.

42 (h) *For calendar years 2020 and 2021, not less than 30 percent*
43 *of the total amount of electricity sold by the provider to its retail*
44 *customers in this State during that calendar year.*



1 (i) For calendar years 2022 and 2023, not less than 34 percent
2 of the total amount of electricity sold by the provider to its retail
3 customers in this State during that calendar year.

4 (j) For calendar years 2024 and 2025, not less than 38 percent
5 of the total amount of electricity sold by the provider to its retail
6 customers in this State during that calendar year.

7 (k) For calendar years 2026 and 2027, not less than 42 percent
8 of the total amount of electricity sold by the provider to its retail
9 customers in this State during that calendar year.

10 (l) For calendar years 2028 and 2029, not less than 46 percent
11 of the total amount of electricity sold by the provider to its retail
12 customers in this State during that calendar year.

13 (m) For calendar year ~~2025~~ 2030 and for each calendar year
14 thereafter, not less than ~~25~~ 50 percent of the total amount of
15 electricity sold by the provider to its retail customers in this State
16 during that calendar year.

17 2. In addition to the requirements set forth in subsection 1, the
18 portfolio standard for each provider must require that:

19 (a) ~~Of the total amount of electricity that the provider is~~
20 ~~required to generate, acquire or save from portfolio energy systems~~
21 ~~or efficiency measures during each calendar year, not less than:~~

22 ~~— (1) For calendar years 2009 through 2015, inclusive, 5~~
23 ~~percent of that amount must be generated or acquired from solar~~
24 ~~renewable energy systems.~~

25 ~~— (2) For calendar year 2016 and for each calendar year~~
26 ~~thereafter, 6 percent of that amount must be generated or acquired~~
27 ~~from solar renewable energy systems.~~

28 ~~— (b) Of the total amount of electricity that the provider is~~
29 ~~required to generate, acquire or save from portfolio energy systems~~
30 ~~or efficiency measures:~~

31 (1) During calendar years 2013 and 2014, not more than 25
32 percent of that amount may be based on energy efficiency measures;

33 (2) During each calendar year 2015 to 2019, inclusive, not
34 more than 20 percent of that amount may be based on energy
35 efficiency measures;

36 (3) During each calendar year 2020 to 2024, inclusive, not
37 more than 10 percent of that amount may be based on energy
38 efficiency measures; and

39 (4) For calendar year 2025 and each calendar year thereafter,
40 no portion of that amount may be based on energy efficiency
41 measures.

42 ➔ If the provider intends to use energy efficiency measures to
43 comply with its portfolio standard during any calendar year, of the
44 total amount of electricity saved from energy efficiency measures
45 for which the provider seeks to obtain portfolio energy credits



1 pursuant to this paragraph, at least 50 percent of that amount must
2 be saved from energy efficiency measures installed at service
3 locations of residential customers of the provider, unless a different
4 percentage is approved by the Commission.

5 ~~(e)~~ (b) If the provider acquires or saves electricity from a
6 portfolio energy system or efficiency measure pursuant to a
7 renewable energy contract or energy efficiency contract with
8 another party:

9 (1) The term of the contract must be not less than 10 years,
10 unless the other party agrees to a contract with a shorter term; and

11 (2) The terms and conditions of the contract must be just and
12 reasonable, as determined by the Commission. If the provider is a
13 utility provider and the Commission approves the terms and
14 conditions of the contract between the utility provider and the other
15 party, the contract and its terms and conditions shall be deemed to
16 be a prudent investment and the utility provider may recover all just
17 and reasonable costs associated with the contract.

18 3. If, for the benefit of one or more retail customers in this
19 State, the provider has paid for or directly reimbursed, in whole or
20 in part, the costs of the acquisition or installation of a solar energy
21 system which qualifies as a renewable energy system and which
22 reduces the consumption of electricity, the total reduction in the
23 consumption of electricity during each calendar year that results
24 from the solar energy system shall be deemed to be electricity that
25 the provider generated or acquired from a renewable energy system
26 for the purposes of complying with its portfolio standard.

27 4. The Commission shall adopt regulations that establish a
28 system of portfolio energy credits that may be used by a provider to
29 comply with its portfolio standard.

30 5. Except as otherwise provided in subsection 6, each provider
31 shall comply with its portfolio standard during each calendar year.

32 6. If, for any calendar year, a provider is unable to comply with
33 its portfolio standard through the generation of electricity from its
34 own renewable energy systems or, if applicable, through the use of
35 portfolio energy credits, the provider shall take actions to acquire or
36 save electricity pursuant to one or more renewable energy contracts
37 or energy efficiency contracts. If the Commission determines that,
38 for a calendar year, there is not or will not be a sufficient supply of
39 electricity or a sufficient amount of energy savings made available
40 to the provider pursuant to renewable energy contracts and energy
41 efficiency contracts with just and reasonable terms and conditions,
42 the Commission shall exempt the provider, for that calendar year,
43 from the remaining requirements of its portfolio standard or from
44 any appropriate portion thereof, as determined by the Commission.

45 7. The Commission shall adopt regulations that establish:



1 (a) Standards for the determination of just and reasonable terms
2 and conditions for the renewable energy contracts and energy
3 efficiency contracts that a provider must enter into to comply with
4 its portfolio standard.

5 (b) Methods to classify the financial impact of each long-term
6 renewable energy contract and energy efficiency contract as an
7 additional imputed debt of a utility provider. The regulations must
8 allow the utility provider to propose an amount to be added to the
9 cost of the contract, at the time the contract is approved by the
10 Commission, equal to a compensating component in the capital
11 structure of the utility provider. In evaluating any proposal made by
12 a utility provider pursuant to this paragraph, the Commission shall
13 consider the effect that the proposal will have on the rates paid by
14 the retail customers of the utility provider.

15 ~~8. Except as otherwise provided in NRS 704.78213, the~~
16 ~~provisions of this section do not apply to a provider of new electric~~
17 ~~resources as defined in NRS 704B.130.~~

18 ~~9.~~ As used in this section:

19 (a) "Energy efficiency contract" means a contract to attain
20 energy savings from one or more energy efficiency measures
21 owned, operated or controlled by other parties.

22 (b) "Renewable energy contract" means a contract to acquire
23 electricity from one or more renewable energy systems owned,
24 operated or controlled by other parties.

25 (c) "Terms and conditions" includes, without limitation, the
26 price that a provider must pay to acquire electricity pursuant to a
27 renewable energy contract or to attain energy savings pursuant to an
28 energy efficiency contract.

29 **Sec. 4.** NRS 704.78213 is hereby amended to read as follows:

30 704.78213 1. If the Commission issues an order approving an
31 application that is filed pursuant to NRS 704B.310 or a request that
32 is filed pursuant to NRS 704B.325 regarding a provider of new
33 electric resources and an eligible customer, the Commission must
34 establish in the order a portfolio standard applicable to the
35 electricity sold by the provider of new electric resources to the
36 eligible customer in accordance with the order. The portfolio
37 standard must require the provider of new electric resources to
38 generate, acquire or save electricity from portfolio energy systems
39 or efficiency measures in the amounts described in the portfolio
40 standard set forth in NRS 704.7821 . ~~which is effective on the date~~
41 ~~on which the order approving the application or request is approved.~~

42 ~~2. Of the total amount of electricity that a provider of new~~
43 ~~electric resources is required to generate, acquire or save from~~
44 ~~portfolio energy systems or efficiency measures during each~~



1 ~~calendar year, not more than 25 percent of that amount may be~~
2 ~~based on energy efficiency measures.~~

3 ~~—3.1~~ 2. If, for the benefit of one or more eligible customers, the
4 eligible customer of a provider of new electric resources has paid for
5 or directly reimbursed, in whole or in part, the costs of the
6 acquisition or installation of a solar energy system which qualifies
7 as a renewable energy system and which reduces the consumption
8 of electricity, the total reduction in the consumption of electricity
9 during each calendar year that results from the solar energy system
10 shall be deemed to be electricity that the provider of new electric
11 resources generated or acquired from a renewable energy system for
12 the purposes of complying with its portfolio standard.

13 ~~14.1~~ 3. As used in this section:

14 (a) “Eligible customer” has the meaning ascribed to it in
15 NRS 704B.080.

16 (b) “Provider of new electric resources” has the meaning
17 ascribed to it in NRS 704B.130.

18 **Sec. 5.** Notwithstanding the provisions of any other law or any
19 ruling or order issued by or portfolio standard established by the
20 Public Utilities Commission of Nevada to the contrary, for any
21 portfolio standard established by the Commission pursuant to the
22 provisions of subsection 1 of NRS 704.78213 before July 1, 2017,
23 the Commission shall, for the period beginning on July 1, 2017,
24 revise the portfolio standard to require the provider of new electric
25 resources as defined in NRS 704B.130 to generate, acquire or save
26 electricity from portfolio energy systems or energy efficiency
27 measures in the amounts described in the portfolio standard set forth
28 in NRS 704.7821, as amended by section 3 of this act.

29 **Sec. 6.** The provisions of subsection 1 of NRS 218D.380 do
30 not apply to any provision of this act which adds or revises a
31 requirement to submit a report to the Legislature.

32 **Sec. 7.** This act becomes effective on July 1, 2017.

