

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 renewable energy and
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; authorizing the establishment of certain programs for the purchase of electricity produced by certain renewable energy facilities; declaring the policy of this State concerning renewable energy; revising the portfolio standard for providers of electric service in this State; revising the manner in which providers of electric service may comply with the portfolio standard; expanding the definition of “provider of electric service” for the purposes of the portfolio standard; 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; revising provisions relating to the approval of a plan filed by an electric utility to increase the supply of electricity or reduce demand; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law authorizes an electric utility in this State to apply to the Public
- 2 Utilities Commission of Nevada for authority to establish a program of optional
- 3 pricing for electricity that is generated from renewable energy. Such a program may
- 4 provide the customers of the utility with the option of paying a higher rate for
- 5 electricity to support the increased use by the utility of renewable energy in the



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6 generation of electricity. (NRS 704.738) **Section 1.4** of this bill provides that if the
7 Commission makes certain determinations, the Commission may authorize an
8 electric utility to establish a program to provide a retail customer of the electric
9 utility the option to purchase electricity from a renewable energy facility owned by
10 the utility or with which the utility has a contract for the purchase of electricity.
11 **Section 1.4** further authorizes the Commission: (1) upon the request of an electric
12 utility, to exclude a renewable energy facility owned by the electric utility from the
13 rate base of the utility; and (2) to determine a reasonable rate for the electricity
14 generated by the renewable energy facility.

15 **Section 2** of this bill sets forth findings and declarations of the Legislature that
16 it is the policy of this State to: (1) encourage and accelerate the development of new
17 renewable energy projects for the economic, health and environmental benefits
18 provided to the people of this State; (2) become a leading producer and consumer
19 of clean and renewable energy; and (3) ensure that the benefits of the increased use
20 of portfolio energy systems and energy efficiency measures are received by the
21 residents of this State.

22 Existing law requires the Public Utilities Commission of Nevada to establish a
23 portfolio standard which requires each provider of electric service in this State to
24 generate, acquire or save electricity from renewable energy systems or efficiency
25 measures a certain percentage of the total amount of electricity sold by the provider
26 to its retail customers in this State during a calendar year. (NRS 704.7821) **Section**
27 **3** of this bill revises the portfolio standard for calendar year 2018 and each calendar
28 year thereafter so that by calendar year 2030 and for each calendar year thereafter,
29 each provider of electric service will be required to generate, acquire or save
30 electricity from renewable energy systems or efficiency measures not less than 40
31 percent of the total amount of electricity sold by the provider to its retail customers
32 in this State during that calendar year. **Section 3** also: (1) eliminates the
33 requirement that a minimum percentage of the amount of electricity that the
34 provider is required to generate, acquire or save be generated or acquired from solar
35 renewable energy systems; (2) provides that a provider of electric service is deemed
36 to have complied with its portfolio standard for a calendar year if the average
37 amount of portfolio energy credits earned by the provider during the calendar year
38 and the immediately preceding 2 calendar years is equal to or greater than the
39 average of the number of portfolio energy credits needed to comply with the
40 provider's portfolio standard for those years; (3) revises, for the purposes of
41 compliance with the portfolio standard, the provisions governing the calculation of
42 the total amount of electricity sold by a provider to its retail customers in this State;
43 and (4) revises the circumstances under which the Commission is required to
44 exempt a provider of electric service from the requirements of its portfolio standard
45 for a calendar year.

46 **Sections 1.5, 1.7, 2.2 and 2.7** of this bill provide for qualified energy storage
47 systems to be used for compliance with the portfolio standard. **Section 3** limits the
48 use of such qualified energy storage systems to not more than 10 percent of the
49 total amount of electricity that the provider is required to generate, acquire or save
50 from portfolio energy systems.

51 **Section 2.3 and 4.3** of this bill revise provisions governing the use of
52 geothermal energy to comply with the portfolio standard.

53 **Section 2.8** of this bill expands the definition of "provider of electric service"
54 for the purposes of compliance with the portfolio standard. **Section 2.5** of this bill
55 provides that even though **section 2.8** includes this State or an agency or
56 instrumentality of this State in the definition of "provider of electric service" for the
57 purposes of the portfolio standard, this State or an agency or instrumentality of this
58 State is not subject to the jurisdiction of the Commission. **Sections 2.4 and 7** of this
59 bill provide that if this State or an agency or instrumentality of this State sells
60 electricity to retail customers for consumption in this State, the State or the agency



or instrumentality must, beginning on July 1, 2020, and each year thereafter, provide reports to the Director of the Office of Energy.

Sections 3 and 4 of this bill provide that the portfolio standard established by NRS 704.7821 is applicable to providers of new electric resources, and also revises the limits on energy efficiency measures used to comply with the portfolio standard. **Section 5** of this bill requires the Commission to revise certain portfolio standards established for a provider of new electric resources to comply with the revised portfolio standard established by **section 3**.

Existing law requires an electricity utility with an annual operating revenue of \$2,500,000 or more in this State to submit to the Commission, on or before July 1 of every third year, a plan to increase its supply of electricity or decrease the demands on its system by its customers. (NRS 704.741) **Section 2.59** of this bill: (1) prohibits the Commission from rejecting any portion of such a plan, or a portion of an amendment to such a plan, that includes a new renewable energy contract or the construction or acquisition of a new renewable energy facility for the purpose of complying with the utility's portfolio standard solely on the grounds of any uncertainty relating to a ballot question to require the Legislature to provide by law for an open, competitive retail electric energy market for all electricity customers in a service territory; and (2) enacts provisions governing the costs and benefits of such new renewable energy contracts or facilities if the Legislature provides by law for an open, competitive retail electric energy market.

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

Section 1. (Deleted by amendment.)

Sec. 1.3. Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 1.4 to 2.5, inclusive, of this act.

Sec. 1.4. *1. Upon the request of an electric utility, the Commission may exclude a renewable energy facility from the rate base of the electric utility and determine, without regard to cost-of-service principles, a reasonable rate for the electricity produced by the renewable energy facility. The Commission may determine a reasonable rate for such electricity by reference to:*

- (a) A competitive solicitation;*
- (b) A market index; or*
- (c) Other relevant pricing benchmarks or proxies.*

2. In addition to the program authorized by NRS 704.738, the Commission may authorize an electric utility which owns, or has a contract to purchase electricity from, a renewable energy facility to establish a program to provide a retail customer of the electric utility the option to purchase electricity produced by the renewable energy facility if the Commission determines that:

- (a) The charge for the electricity purchased pursuant to the program is reasonable;*
- (b) The program does not adversely affect customers of the electric utility who do not participate in the program; and*



(c) *The program advances the goals of this State for economic development and the development of renewable energy.*

3. *As used in this section:*

(a) *“Renewable energy” has the meaning ascribed to it in NRS 704.7811.*

(b) *“Renewable energy facility” has the meaning ascribed to it in NRS 704.7315.*

Sec. 1.5. *“Energy storage system” means commercially available technology that is capable of retaining energy, storing the energy for a period of time and delivering the energy after storage, including, without limitation, by chemical, thermal or mechanical means.*

Sec. 1.7. *“Qualified energy storage system” means an energy storage system that is used to:*

1. *Store electricity which is generated by renewable energy and which is delivered during a peak load period; or*

2. *Provide ancillary services for integrating electricity which is generated by renewable energy into the electricity grid. Such ancillary services include, without limitation, providing reserve electricity, reserve capacity, frequency regulation, reactive power and voltage support.*

Sec. 2. *The Legislature finds and declares that it is the policy of this State to:*

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

2. *Become a leading producer and consumer of clean and renewable energy; and*

3. *Ensure that the benefits of the increased use of portfolio energy systems and energy efficiency measures are received by the residents of this State. Such benefits include, without limitation, improved air quality, reduced water use, a more diverse portfolio of resources for generating electricity, reduced fossil fuel consumption and more stable rates for retail customers of electricity.*

Sec. 2.1. (Deleted by amendment.)

Sec. 2.2. 1. *Subject to the limitations set forth in this section and paragraph (b) of subsection 2 of NRS 704.7821, for the purpose of complying with a portfolio standard established pursuant to NRS 704.7821 or 704.78213, a provider shall be deemed to have generated or acquired 2.0 kilowatt-hours of electricity from a renewable energy system for each 1.0 kilowatt-hour of actual electricity delivered by or acquired from a qualified energy storage system, if the owner or operator of the qualified energy storage system demonstrates to the Commission:*



1 (a) For the purposes of subsection 1 of section 1.7 of this act,
2 that the electricity:

3 (1) Stored in the qualified energy storage system was
4 generated by renewable energy; and

5 (2) Delivered by the qualified energy storage system was
6 delivered during a peak load period.

7 (b) For the purposes of subsection 2 of section 1.7 of this act,
8 that the ancillary services provided by the qualified energy storage
9 system were used to integrate into the grid electricity which was
10 generated by renewable energy.

11 2. For the purposes of subsection 1, a provider shall not be
12 deemed to have generated or acquired more than 2.0 kilowatt-
13 hours of electricity from a renewable energy system per day for
14 each 1.0 kilowatt-hour of installed capacity of the qualified energy
15 storage system.

16 3. For the purposes of subsection 1, the owner or operator of
17 the qualified energy storage system must make his or her
18 demonstration to the Commission using the operating algorithms,
19 rules and schedules and market participation of the qualified
20 energy storage system, to the extent applicable.

21 4. For the purposes of subsection 1, if the provider has paid
22 for or directly reimbursed, in whole or in part, the costs of the
23 acquisition of a qualified energy storage system by one or more of
24 its retail customers, the electricity delivered by or acquired from
25 the qualified energy storage system shall be deemed to be
26 electricity delivered by or acquired from the provider.

27 5. For the purposes of subsection 1, the owner or operator of
28 a qualified energy storage system is responsible for paying the cost
29 of any metering required to measure the electricity delivery by or
30 acquired from a qualified energy storage system.

31 Sec. 2.3. For the purpose of complying with a portfolio
32 standard established pursuant to NRS 704.7821 or 704.78213, a
33 provider shall be deemed to have generated or acquired 1.5
34 kilowatt-hours of electricity from a renewable energy system for
35 each 1.0 kilowatt-hour of actual electricity generated or acquired
36 from a portfolio energy system that generates electricity from
37 geothermal energy, if the system was placed into operation on or
38 after January 1, 2018.

39 Sec. 2.4. A provider of electric service described in
40 paragraph (a) of subsection 3 of NRS 704.7808 shall, on or before
41 July 1 of each year, submit to the Director of the Office of Energy
42 appointed pursuant to NRS 701.150 a report which contains the
43 information described in subsection 4 of NRS 704.7825.

44 Sec. 2.5. Notwithstanding any provision of law to the
45 contrary, a provider of electric service described in paragraph (a)



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of subsection 3 of NRS 704.7808 is not subject to the jurisdiction of the Commission.

Sec. 2.51. NRS 704.032 is hereby amended to read as follows:

704.032 The Office of Economic Development may participate in proceedings before the Public Utilities Commission of Nevada concerning a public utility in the business of supplying electricity or natural gas to advocate the accommodation of the State Plan for Economic Development developed by the Executive Director of the Office pursuant to subsection 2 of NRS 231.053. The Office of Economic Development may intervene as a matter of right in a proceeding pursuant to NRS 704.736 to 704.754, inclusive, *and section 1.4 of this act* or 704.991.

Sec. 2.53. NRS 704.635 is hereby amended to read as follows:

704.635 When a complaint has been filed with the Commission alleging that a person is providing a service which requires a certificate of public convenience and necessity, or when the Commission has reason to believe that any provision of NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act* or 704.9901 is being violated, the Commission shall investigate the operation and may, after a hearing, issue an order requiring that the person cease and desist from any operation in violation of NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act* or 704.9901. The Commission shall enforce the order under the powers vested in the Commission by NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act* or 704.9901 or other law.

Sec. 2.55. NRS 704.640 is hereby amended to read as follows:

704.640 Except as otherwise provided in NRS 704.6881 to 704.6884, inclusive, any person who:

1. Operates any public utility to which NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and 704.993 to 704.999, inclusive, apply without first obtaining a certificate of public convenience and necessity or in violation of its terms;

2. Fails to make any return or report required by NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and 704.993 to 704.999, inclusive, or by the Commission pursuant to NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and 704.993 to 704.999, inclusive;

3. Violates, or procures, aids or abets the violating of any provision of NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and 704.993 to 704.999, inclusive;

4. Fails to obey any order, decision or regulation of the Commission;

5. Procures, aids or abets any person in the failure to obey the order, decision or regulation; or



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6. Advertises, solicits, proffers bids or otherwise holds himself, herself or itself out to perform as a public utility in violation of any of the provisions of NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and 704.993 to 704.999, inclusive, shall be fined not more than \$500.

Sec. 2.57. NRS 704.736 is hereby amended to read as follows:
704.736 The application of NRS 704.736 to 704.754, inclusive, *and section 1.4 of this act* is limited to any public utility in the business of supplying electricity which has an annual operating revenue in this state of \$2,500,000 or more.

Sec. 2.59. NRS 704.751 is hereby amended to read as follows:
704.751 1. After a utility has filed the plan required pursuant to NRS 704.741, the Commission shall issue an order accepting or modifying the plan or specifying any portions of the plan it deems to be inadequate:

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

(b) Within 180 days for all portions of the plan not described in paragraph (a).

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

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

(a) Within 135 days after the filing of the amendment; or

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

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

3. *The Commission shall not reject any portion of a plan required pursuant to NRS 704.741, or a portion of an amendment to such a plan, that includes a new renewable energy contract or*



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1 *the construction or acquisition of a renewable energy facility for*
2 *the purpose of complying with the provisions of NRS 704.7801 to*
3 *704.7828, inclusive, and sections 1.5 to 2.5, inclusive, of this act*
4 *solely on the grounds of any uncertainty relating to a ballot*
5 *question to require the Legislature to provide by law for an open,*
6 *competitive retail electric energy market for all electricity*
7 *customers in a service territory. If such a ballot question is*
8 *approved by the voters of this State and the Legislature provides by*
9 *law for such an open, competitive market in a service territory, the*
10 *costs and benefits of any such renewable energy contract or*
11 *renewable energy facility approved by the Commission must be*
12 *transferred to a provider of electricity or the retail customers of a*
13 *provider of electricity.*

14 4. All prudent and reasonable expenditures made to develop
15 the utility's plan, including environmental, engineering and other
16 studies, must be recovered from the rates charged to the utility's
17 customers.

18 ~~14.1~~ 5. The Commission may accept a transmission plan
19 submitted pursuant to subsection 4 of NRS 704.741 for a renewable
20 energy zone if the Commission determines that the construction or
21 expansion of transmission facilities would facilitate the utility
22 meeting the portfolio standard, as defined in NRS 704.7805.

23 ~~15.1~~ 6. The Commission shall adopt regulations establishing
24 the criteria for determining the adequacy of a transmission plan
25 submitted pursuant to subsection 4 of NRS 704.741.

26 ~~16.1~~ 7. Any order issued by the Commission accepting or
27 modifying an element of an emissions reduction and capacity
28 replacement plan must include provisions authorizing the electric
29 utility to construct or acquire and own electric generating plants
30 necessary to meet the capacity amounts approved in, and carry out
31 the provisions of, the plan. As used in this subsection, "capacity"
32 means an amount of firm electric generating capacity used by the
33 electric utility for the purpose of preparing a plan filed with the
34 Commission pursuant to NRS 704.736 to 704.754, inclusive ~~H~~ ,
35 *and section 1.4 of this act.*

36 **Sec. 2.6.** NRS 704.7801 is hereby amended to read as follows:
37 704.7801 As used in NRS 704.7801 to 704.7828, inclusive,
38 *and sections 1.5 to 2.5, inclusive, of this act* unless the context
39 otherwise requires, the words and terms defined in NRS 704.7802 to
40 704.7819, inclusive, *and sections 1.5 and 1.7 of this act* have the
41 meanings ascribed to them in those sections.

42 **Sec. 2.7.** NRS 704.7804 is hereby amended to read as follows:
43 704.7804 "Portfolio energy system or efficiency measure"
44 means:

45 1. Any renewable energy system:



(a) Placed into operation before July 1, 1997, if a provider of electric service used electricity generated or acquired from the renewable energy system to satisfy its portfolio standard before July 1, 2009; or

(b) Placed into operation on or after July 1, 1997; ~~for~~

2. Any energy efficiency measure installed on or before December 31, 2019 ~~for~~; or

3. Any qualified energy storage system.

Sec. 2.8. NRS 704.7808 is hereby amended to read as follows:

704.7808 1. "Provider of electric service" and "provider" mean any person or entity that is in the business of selling electricity to retail customers for consumption in this State, regardless of whether the person or entity is otherwise subject to regulation by the Commission.

2. The term includes, without limitation, a provider of new electric resources that is selling electricity to an eligible customer for consumption in this State pursuant to the provisions of chapter 704B of NRS.

3. ~~The~~ *Except as otherwise provided in this subsection, the term does not include:*

(a) This State or an agency or instrumentality of this State.

(b) A rural electric cooperative established pursuant to chapter 81 of NRS.

(c) A general improvement district established pursuant to chapter 318 of NRS.

(d) A utility established pursuant to chapter 709 or 710 of NRS.

(e) A cooperative association, nonprofit corporation, nonprofit association or provider of electric service which is declared to be a public utility pursuant to NRS 704.673 and which provides service only to its members.

~~(f)~~

For calendar year 2018 and for each calendar year thereafter, the term includes an entity identified in this subsection during the entirety of any calendar year in which the total amount of electricity sold by the entity to its retail customers in this State during that calendar year equals or exceeds 1,000,000 megawatt-hours.

4. The term does not include:

(a) A landlord of a manufactured home park or mobile home park or owner of a company town who is subject to any of the provisions of NRS 704.905 to 704.960, inclusive.

~~(e)~~ (b) A landlord who pays for electricity that is delivered through a master meter and who distributes or resells the electricity to one or more tenants for consumption in this State.

Sec. 2.9. (Deleted by amendment.)



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

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard. ~~The~~ *Except as otherwise provided in subsections 5, 6 and 8, the* portfolio standard must require each provider to generate, acquire or save electricity from portfolio energy systems or efficiency measures in an amount that is:

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

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

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

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

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

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

(g) For calendar years ~~2020 through 2024, inclusive,~~ *2018 through 2020, inclusive*, not less than ~~22~~ *24* percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(h) For calendar years 2021 through 2023, inclusive, not less than 28 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(i) For calendar years 2024 through 2026, inclusive, not less than 32 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(j) For calendar years 2027 through 2029, inclusive, not less than 36 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(k) For calendar year ~~2025~~ *2030* and for each calendar year thereafter, not less than ~~25~~ *40* percent of the total amount of



1 electricity sold by the provider to its retail customers in this State
2 during that calendar year.

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

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

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

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

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

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

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

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

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

28 ➔ If the provider intends to use energy efficiency measures to
29 comply with its portfolio standard during any calendar year, of the
30 total amount of electricity saved from energy efficiency measures
31 for which the provider seeks to obtain portfolio energy credits
32 pursuant to this paragraph, at least 50 percent of that amount must
33 be saved from energy efficiency measures installed at service
34 locations of residential customers of the provider, unless a different
35 percentage is approved by the Commission.

36 ~~(b) Of the total amount of electricity that the provider is~~
37 ~~required to generate, acquire or save from portfolio energy~~
38 ~~systems or efficiency measures, for calendar year 2018 and each~~
39 ~~calendar year thereafter, not more than 10 percent of that amount~~
40 ~~may be based on qualified energy storage systems.~~

41 (c) If the provider acquires or saves electricity from a portfolio
42 energy system or efficiency measure pursuant to a renewable energy
43 contract or energy efficiency contract with another party:

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



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

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

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

5. Except as otherwise provided in *this subsection and subsection 6*, each provider shall comply with its portfolio standard during each calendar year. *For calendar year 2020 and each calendar year thereafter, a provider shall be deemed to have complied with its portfolio standard during the calendar year if the average number of portfolio energy credits earned by the provider during the calendar year and the immediately preceding 2 calendar years is equal to or greater than the average of the number of portfolio energy credits needed to comply with the provider's portfolio standards for the calendar year and the immediately preceding 2 calendar years.*

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



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1 (a) *There is not or will not be a sufficient supply of electricity*
2 *or a sufficient amount of energy savings made available to the*
3 *provider pursuant to renewable energy contracts and energy*
4 *efficiency contracts with just and reasonable terms and*
5 *conditions;*

6 (b) *The provider is unable to obtain a sufficient supply of*
7 *electricity to comply with the portfolio standard because the*
8 *Commission has rejected a proposal included by a provider in a*
9 *plan filed pursuant to NRS 704.741, or an amendment to such a*
10 *plan, to acquire or save electricity pursuant to new renewable*
11 *energy contracts or energy efficiency contracts or to construct or*
12 *acquire a new renewable energy facility; or*

13 (c) *The provider is unable to obtain a sufficient supply of*
14 *electricity to comply with the portfolio standard because of a delay*
15 *in the completion of the construction of a renewable energy*
16 *facility that is under the control of a person or entity other than*
17 *the provider and that was intended to provide electricity.*

18 7. The Commission shall adopt regulations that establish:

19 (a) Standards for the determination of just and reasonable terms
20 and conditions for the renewable energy contracts and energy
21 efficiency contracts that a provider must enter into to comply with
22 its portfolio standard.

23 (b) Methods to classify the financial impact of each long-term
24 renewable energy contract and energy efficiency contract as an
25 additional imputed debt of a utility provider. The regulations must
26 allow the utility provider to propose an amount to be added to the
27 cost of the contract, at the time the contract is approved by the
28 Commission, equal to a compensating component in the capital
29 structure of the utility provider. In evaluating any proposal made by
30 a utility provider pursuant to this paragraph, the Commission shall
31 consider the effect that the proposal will have on the rates paid by
32 the retail customers of the utility provider.

33 8. ~~Except as otherwise provided in NRS 704.78213, the~~
34 ~~provisions of this section do not apply to a provider of new electric~~
35 ~~resources as defined in NRS 704B.130.] For the purposes of~~
36 *subsection 1, for calendar year 2018 and for each calendar year*
37 *thereafter, the total amount of electricity sold by a provider:*

38 (a) *Described in subsection 3 of NRS 704.7808 to its retail*
39 *customers in this State during a calendar year does not include the*
40 *first 1,000,000 megawatt-hours of electricity sold by the provider*
41 *to such customers during that calendar year.*

42 (b) *To its retail customers in this State during a calendar year*
43 *does not include the amount of electricity sold by the provider as*
44 *part of a program of optional pricing authorized by the*
45 *Commission pursuant to NRS 704.738 or section 1.4 of this act.*



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9. As used in this section:

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

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

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

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

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

2. ~~{04}~~ *Except as otherwise provided in this subsection, of the total amount of electricity that a provider of new electric resources is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. Subject to the provisions of paragraphs (a) and (b), the provisions of this subsection apply to an order of the Commission approving an application that is filed pursuant to NRS 704B.310 or a request that is filed pursuant to NRS 704B.325 regarding a provider of new electric resources and an eligible customer only if the order is issued by the Commission before July 1, 2017. If such an order was issued by the Commission:*

(a) Before July 1, 2012, the provisions of this subsection apply for all calendar years.

(b) On or after July 1, 2012, and before July 1, 2017, the provisions of this subsection apply only for calendar years before calendar year 2025.

3. If, for the benefit of one or more eligible customers, the eligible customer of a provider of new electric resources has paid for or directly reimbursed, in whole or in part, the costs of the



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1 acquisition or installation of a solar energy system which qualifies
2 as a renewable energy system and which reduces the consumption
3 of electricity, the total reduction in the consumption of electricity
4 during each calendar year that results from the solar energy system
5 shall be deemed to be electricity that the provider of new electric
6 resources generated or acquired from a renewable energy system for
7 the purposes of complying with its portfolio standard.

8 4. As used in this section:

9 (a) "Eligible customer" has the meaning ascribed to it in
10 NRS 704B.080.

11 (b) "Provider of new electric resources" has the meaning
12 ascribed to it in NRS 704B.130.

13 **Sec. 4.3.** (Deleted by amendment.)

14 **Sec. 4.7.** NRS 704.7825 is hereby amended to read as follows:

15 704.7825 1. Each provider of electric service shall submit to
16 the Commission an annual report that provides information relating
17 to the actions taken by the provider to comply with its portfolio
18 standard.

19 2. Each provider shall submit the annual report to the
20 Commission after the end of each calendar year and within the time
21 prescribed by the Commission. The report must be submitted in a
22 format approved by the Commission.

23 3. The Commission may adopt regulations that require
24 providers to submit to the Commission additional reports during
25 each calendar year.

26 4. Each annual report and each additional report must include
27 clear and concise information that sets forth:

28 (a) The amount of electricity which the provider generated,
29 acquired or saved from portfolio energy systems or efficiency
30 measures during the reporting period and, if applicable, the amount
31 of portfolio energy credits that the provider acquired, sold or traded
32 during the reporting period to comply with its portfolio standard;

33 (b) The capacity of each renewable energy system owned,
34 operated or controlled by the provider, the total amount of electricity
35 generated by each such system during the reporting period and the
36 percentage of that total amount which was generated directly from
37 renewable energy;

38 (c) Whether, during the reporting period, the provider began
39 construction on, acquired or placed into operation any renewable
40 energy system and, if so, the date of any such event;

41 (d) Whether, during the reporting period, the provider
42 participated in the acquisition or installation of any energy
43 efficiency measures and, if so, the date of any such event; and

44 (e) Any other information that the Commission by regulation
45 may deem relevant.



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5. Based on the reports submitted by providers pursuant to this section, the Commission shall compile information that sets forth whether any provider has used energy efficiency measures to comply with its portfolio standard and, if so, the type of energy efficiency measures used and the amount of energy savings attributable to each such energy efficiency measure. The Commission shall report such information to:

(a) The Legislature, not later than the first day of each regular session; and

(b) The Legislative Commission, if requested by the Chair of the Commission.

6. The provisions of this section do not apply to a provider of electric service described in paragraph (a) of subsection 3 of NRS 704.7808.

Sec. 5. Notwithstanding the provisions of any other law or any ruling or order issued by or portfolio standard established by the Public Utilities Commission of Nevada to the contrary, for any portfolio standard established by the Commission pursuant to the provisions of subsection 1 of NRS 704.78213, as that section existed before July 1, 2017, on or after July 1, 2012, and before July 1, 2017, the Commission shall, for calendar year 2018 and for each calendar year thereafter, revise the portfolio standard to require the provider of new electric resources as defined in NRS 704B.130 to generate, acquire or save electricity from portfolio energy systems or energy efficiency measures in the amounts described in the portfolio standard set forth in NRS 704.7821, as amended by section 3 of this act.

Sec. 6. (Deleted by amendment.)

Sec. 7. 1. This section and sections 1 to 2.3, inclusive, and 2.5 to 6, inclusive, of this act become effective on July 1, 2017.

2. Section 2.4 of this act becomes effective on July 1, 2020.

