
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 eligible for use by the provider to comply with
38 the provider's portfolio standard for the calendar year and the immediately
39 preceding 2 calendar years is equal to or greater than the average of the number of
40 portfolio energy credits needed to comply with the provider's portfolio standard for
41 those years; (3) revises, for the purposes of compliance with the portfolio standard,
42 the provisions governing the calculation of the total amount of electricity sold by a
43 provider to its retail customers in this State; and (4) revises the circumstances under
44 which the Commission is required to exempt a provider of electric service from the
45 requirements of its portfolio standard 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



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

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

69 Existing law requires an electricity utility with an annual operating revenue of
70 \$2,500,000 or more in this State to submit to the Commission, on or before July 1
71 of every third year, a plan to increase its supply of electricity or decrease the
72 demands on its system by its customers. (NRS 704.741) **Section 2.59** of this bill:
73 (1) prohibits the Commission from rejecting any portion of such a plan, or a portion
74 of an amendment to such a plan, that includes a new renewable energy contract or
75 the construction or acquisition of a new renewable energy facility for the purpose of
76 complying with the utility's portfolio standard solely on the grounds of any
77 uncertainty relating to a ballot question to require the Legislature to provide by law
78 for an open, competitive retail electric energy market for all electricity customers in
79 a service territory; and (2) enacts provisions governing the costs and benefits of
80 such new renewable energy contracts or facilities if the Legislature provides by law
81 for an open, competitive retail electric energy market.

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

1 **Section 1.** (Deleted by amendment.)

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

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

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

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

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



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

3 3. *As used in this section:*

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

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

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

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

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

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

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

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

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

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

36 **Sec. 2.1.** (Deleted by amendment.)

37 **Sec. 2.2.** 1. *Subject to the limitations set forth in this*
38 *section and paragraph (b) of subsection 2 of NRS 704.7821, for*
39 *the purpose of complying with a portfolio standard established*
40 *pursuant to NRS 704.7821 or 704.78213, a provider shall be*
41 *deemed to have generated or acquired 2.0 kilowatt-hours of*
42 *electricity from a renewable energy system for each 1.0 kilowatt-*
43 *hour of actual electricity delivered by or acquired from a qualified*
44 *energy storage system, if the owner or operator of the qualified*
45 *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)



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

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

4 704.032 The Office of Economic Development may participate
5 in proceedings before the Public Utilities Commission of Nevada
6 concerning a public utility in the business of supplying electricity or
7 natural gas to advocate the accommodation of the State Plan for
8 Economic Development developed by the Executive Director of the
9 Office pursuant to subsection 2 of NRS 231.053. The Office of
10 Economic Development may intervene as a matter of right in a
11 proceeding pursuant to NRS 704.736 to 704.754, inclusive, *and*
12 *section 1.4 of this act* or 704.991.

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

14 704.635 When a complaint has been filed with the Commission
15 alleging that a person is providing a service which requires a
16 certificate of public convenience and necessity, or when the
17 Commission has reason to believe that any provision of NRS
18 704.005 to 704.754, inclusive, *and section 1.4 of this act* or
19 704.9901 is being violated, the Commission shall investigate the
20 operation and may, after a hearing, issue an order requiring that the
21 person cease and desist from any operation in violation of NRS
22 704.005 to 704.754, inclusive, *and section 1.4 of this act* or
23 704.9901. The Commission shall enforce the order under the powers
24 vested in the Commission by NRS 704.005 to 704.754, inclusive,
25 *and section 1.4 of this act* or 704.9901 or other law.

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

27 704.640 Except as otherwise provided in NRS 704.6881 to
28 704.6884, inclusive, any person who:

29 1. Operates any public utility to which NRS 704.005 to
30 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and
31 704.993 to 704.999, inclusive, apply without first obtaining a
32 certificate of public convenience and necessity or in violation of its
33 terms;

34 2. Fails to make any return or report required by NRS 704.005
35 to 704.754, inclusive, *and section 1.4 of this act*, 704.9901 and
36 704.993 to 704.999, inclusive, or by the Commission pursuant to
37 NRS 704.005 to 704.754, inclusive, *and section 1.4 of this act*,
38 704.9901 and 704.993 to 704.999, inclusive;

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

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

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



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1 6. Advertises, solicits, proffers bids or otherwise holds himself,
2 herself or itself out to perform as a public utility in violation of any
3 of the provisions of NRS 704.005 to 704.754, inclusive, **and section**
4 **1.4 of this act**, 704.9901 and 704.993 to 704.999, inclusive,

5 ↪ shall be fined not more than \$500.

6 **Sec. 2.57.** NRS 704.736 is hereby amended to read as follows:

7 704.736 The application of NRS 704.736 to 704.754, inclusive,
8 **and section 1.4 of this act** is limited to any public utility in the
9 business of supplying electricity which has an annual operating
10 revenue in this state of \$2,500,000 or more.

11 **Sec. 2.59.** NRS 704.751 is hereby amended to read as follows:

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

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

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

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

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

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

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

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

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



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 ~~4.~~ 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 ~~5.~~ 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 ~~6.~~ 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:



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

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

6 2. Any energy efficiency measure installed on or before
7 December 31, 2019 ~~(d)~~; or

8 **3. *Any qualified energy storage system.***

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

10 704.7808 1. "Provider of electric service" and "provider"
11 mean any person or entity that is in the business of selling electricity
12 to retail customers for consumption in this State, regardless of
13 whether the person or entity is otherwise subject to regulation by the
14 Commission.

15 2. The term includes, without limitation, a provider of new
16 electric resources that is selling electricity to an eligible customer
17 for consumption in this State pursuant to the provisions of chapter
18 704B of NRS.

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

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

22 (b) A rural electric cooperative established pursuant to chapter
23 81 of NRS.

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

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

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

31 ~~(f)~~

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

38 **4. *The term does not include:***

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

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

45 **Sec. 2.9.** (Deleted by amendment.)



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

2 704.7821 1. For each provider of electric service, the
3 Commission shall establish a portfolio standard. ~~The~~ *Except as*
4 *otherwise provided in subsections 5, 6 and 8, the* portfolio standard
5 must require each provider to generate, acquire or save electricity
6 from portfolio energy systems or efficiency measures in an amount
7 that is:

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

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

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

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

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

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

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

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

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

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

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



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

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

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

20 5. Except as otherwise provided in *this subsection and*
21 *subsection 6, each provider shall comply with its portfolio standard*
22 *during each calendar year. For calendar year 2020 and each*
23 *calendar year thereafter, a provider shall be deemed to have*
24 *complied with its portfolio standard during the calendar year if the*
25 *average number of portfolio energy credits eligible for use by*
26 *the provider to comply with the provider's portfolio standard for*
27 *the calendar year and the immediately preceding 2 calendar years*
28 *is equal to or greater than the average of the number of portfolio*
29 *energy credits needed to comply with the provider's portfolio*
30 *standards for the calendar year and the immediately preceding 2*
31 *calendar years.*

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~~ *The* Commission shall exempt the provider, for that calendar
43 year, from the remaining requirements of its portfolio standard or
44 from any appropriate portion thereof, as determined by the



1 Commission ~~H~~ *if the Commission determines that, for a calendar*
2 *year:*

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

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

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

20 7. The Commission shall adopt regulations that establish:

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

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

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

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

44 *(b) To its retail customers in this State during a calendar year*
45 *does not include the amount of electricity sold by the provider as*



1 *part of a program of optional pricing authorized by the*
2 *Commission pursuant to NRS 704.738 or section 1.4 of this act.*

3 9. As used in this section:

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

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

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

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

15 704.78213 1. If the Commission issues an order approving an
16 application that is filed pursuant to NRS 704B.310 or a request that
17 is filed pursuant to NRS 704B.325 regarding a provider of new
18 electric resources and an eligible customer, the Commission must
19 establish in the order a portfolio standard applicable to the
20 electricity sold by the provider of new electric resources to the
21 eligible customer in accordance with the order. The portfolio
22 standard must require the provider of new electric resources to
23 generate, acquire or save electricity from portfolio energy systems
24 or efficiency measures in the amounts described in the portfolio
25 standard set forth in NRS 704.7821 . ~~which is effective on the date~~
26 ~~on which the order approving the application or request is~~
27 ~~approved.~~

28 2. ~~101~~ *Except as otherwise provided in this subsection, of* the
29 total amount of electricity that a provider of new electric resources
30 is required to generate, acquire or save from portfolio energy
31 systems or efficiency measures during each calendar year, not more
32 than 25 percent of that amount may be based on energy efficiency
33 measures. *Subject to the provisions of paragraphs (a) and (b), the*
34 *provisions of this subsection apply to an order of the Commission*
35 *approving an application that is filed pursuant to NRS 704B.310*
36 *or a request that is filed pursuant to NRS 704B.325 regarding a*
37 *provider of new electric resources and an eligible customer only if*
38 *the order is issued by the Commission before July 1, 2017. If such*
39 *an order was issued by the Commission:*

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

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



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

11 4. As used in this section:

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

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

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

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

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

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

26 3. The Commission may adopt regulations that require
27 providers to submit to the Commission additional reports during
28 each calendar year.

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

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

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

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



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

4 (e) Any other information that the Commission by regulation
5 may deem relevant.

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

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

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

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

20 **Sec. 5.** Notwithstanding the provisions of any other law or any
21 ruling or order issued by or portfolio standard established by the
22 Public Utilities Commission of Nevada to the contrary, for any
23 portfolio standard established by the Commission pursuant to the
24 provisions of subsection 1 of NRS 704.78213, as that section existed
25 before July 1, 2017, on or after July 1, 2012, and before July 1,
26 2017, the Commission shall, for calendar year 2018 and for each
27 calendar year thereafter, revise the portfolio standard to require the
28 provider of new electric resources as defined in NRS 704B.130 to
29 generate, acquire or save electricity from portfolio energy systems
30 or energy efficiency measures in the amounts described in the
31 portfolio standard set forth in NRS 704.7821, as amended by section
32 3 of this act.

33 **Sec. 6.** (Deleted by amendment.)

34 **Sec. 7.** 1. This section and sections 1 to 2.3, inclusive, and
35 2.5 to 6, inclusive, of this act become effective on July 1, 2017.

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

