ASSEMBLY BILL NO. 524–ASSEMBLYMAN WATTS

MAY 26, 2023

Referred to Committee on Growth and Infrastructure

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

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

EXPLANATION - Matter in *bolded italics* is new; matter between brackets [omitted material] is material to be omitted.

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

Legislative Counsel's Digest:

1 Existing law requires each electric utility to submit to the Public Utilities 23456789 Commission of Nevada every 3 years an integrated resource plan to increase the utility's supply of electricity or decrease the demands made on its system by its customers. Existing law provides that the integrated resource plan must include certain components, including, without limitation, a comparison of a diverse set of scenarios of the best combination of sources of supply to meet the demands or the best methods to reduce the demands. (NRS 704.741) Section 2 of this bill sets forth certain declarations of the Legislature relating to the affordability, availability and reliability of the supply of electricity in this State. Section 4 of this bill requires the 10 integrated resource plan of an electric utility to include: (1) at least one scenario 11 that provides for the construction or acquisition of energy resources through 12 contract or ownership to be placed into service to close an open position utilizing 13 dedicated energy resources in this State and dedicated energy resources delivered 14 through firm transmission; and (2) for each scenario considered, certain information 15 regarding each energy resource proposed and an evaluation of the impact the 16 implementation of a scenario will have on certain matters. Section 4 authorizes an 17 electric utility to submit an integrated resource plan more frequently than once 18 every 3 years. Section 4 requires the Commission to adopt regulations governing 19 the manner in which and circumstances under which an electric utility may file an 20 amendment to its integrated resource plan. Section 5 of this bill requires an electric 21 utility to schedule a consumer session before filing an integrated resource plan or 22 23 an amendment to such a plan. Sections 6 and 7 of this bill make a conforming change to reflect changes in the numbering of subsections in section 4.





Section 1 of this bill revises the definition of "facility for the storage of energy from renewable generation."

24 25 26 27 28 29 30 31 32 33 Existing law requires certain electric utilities to file a general rate application once every 36 months. Existing law prohibits a public utility that has filed a general rate application from filing another general rate application until all pending general rate applications filed by that utility have been decided by the Commission, except under certain circumstances. (NRS 704.110) Section 3 of this bill authorizes an electric utility to file a general rate application more frequently than once every 36 months. Section 3 provides that an affiliate of a public utility is also prohibited from filing another general rate application until all pending general rate 34 applications filed by that utility have been decided by the Commission.

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

1 Section 1. NRS 701A.327 is hereby amended to read as 2 follows:

701A.327 1. "Facility for the storage of energy from 3 renewable generation" means a facility that is constructed or 4 5 installed for the [sole] purpose of storing electric energy received from a facility for the generation of electricity from renewable 6 energy for release at a later time, including, without limitation, a 7 8 facility that is designed to use energy storage technology.

9 The term does not include a facility that is located on a 2. 10 residential property.

11 Sec. 2. Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows: 12 13

The Legislature hereby declares that:

14 Rising energy needs and supply chain issues in the western 1. 15 United States have affected Nevada's ability to access the energy 16 market to serve Nevada residents during periods of high energy 17 demand.

2. It is paramount to the health and economic vitality of this 18 State to ensure the affordability, availability and reliability of its 19 20 *electric supply.*

3. An efficient regional energy market and comprehensive 21 22 resource planning are essential to ensure affordable, safe and 23 reliable electric service for customers of an electric utility from a 24 balanced portfolio of supply and demand options, particularly in 25 light of these challenges.

26 The integrated resource planning process must enable 4. 27 meaningful participation and robust review of a utility's proposals by the Commission and stakeholders to ensure the affordability, 28 29 resiliency and reliability of the state's electric supply by 30 considering all reasonable measures including, without limitation,





demand-side management and increasing utility-owned, controlled
 or contracted electric generating capacity.

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

8 6. It continues to be in the interest of this State to invest in a 9 portfolio of electric generation supply and demand-side 10 management measures that increase energy reliability and reduce 11 greenhouse gas emissions consistent with state policy.

12 7. It is in the interest of Nevada to reduce electric utilities' 13 reliance on market purchases and secure sufficient energy supply 14 to protect reliability in a manner that promotes affordability and 15 may reduce exposure to price volatility for customers, through 16 methods which include dedicated in-state resources and dedicated 17 energy resources delivered through firm transmission.

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

19 704.110 Except as otherwise provided in NRS 704.075, 20 704.68861 to 704.68887, inclusive, and 704.7865, or as may 21 otherwise be provided by the Commission pursuant to NRS 22 704.095, 704.097 or 704.7621:

23 1. If a public utility files with the Commission an application to 24 make changes in any schedule, including, without limitation, 25 changes that will result in a discontinuance, modification or 26 restriction of service, the Commission shall investigate the propriety 27 of the proposed changes to determine whether to approve or 28 disapprove the proposed changes. If an electric utility files such an 29 application and the application is a general rate application or an 30 annual deferred energy accounting adjustment application, the 31 Consumer's Advocate shall be deemed a party of record.

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

38 3. If a public utility files with the Commission a general rate application, the public utility shall submit with its application a 39 40 statement showing the recorded results of revenues, expenses, 41 investments and costs of capital for its most recent 12 months for 42 which data were available when the application was prepared. 43 Except as otherwise provided in subsection 4, in determining whether to approve or disapprove any increased rates, the 44 45 Commission shall consider evidence in support of the increased





1 rates based upon actual recorded results of operations for the same 2 adjusted for increased revenues, any increased 12 months. investment in facilities, increased expenses for depreciation, certain 3 4 other operating expenses as approved by the Commission and 5 changes in the costs of securities which are known and are 6 measurable with reasonable accuracy at the time of filing and which will become effective within 6 months after the last month of those 7 8 12 months, but the public utility shall not place into effect any 9 increased rates until the changes have been experienced and certified by the public utility to the Commission and the 10 Commission has approved the increased rates. The Commission 11 12 shall also consider evidence supporting expenses for depreciation, 13 calculated on an annual basis, applicable to major components of the 14 public utility's plant placed into service during the recorded test 15 period or the period for certification as set forth in the application. 16 Adjustments to revenues, operating expenses and costs of securities 17 must be calculated on an annual basis. Within 90 days after the date 18 on which the certification required by this subsection is filed with 19 the Commission, or within the period set forth in subsection 2, 20 whichever time is longer, the Commission shall make such order in 21 reference to the increased rates as is required by this chapter. The 22 following public utilities shall each file a general rate application 23 pursuant to this subsection based on the following schedule:

(a) An electric utility that primarily serves less denselypopulated counties shall file a general rate application:

26 (1) Not later than 5 p.m. on or before the first Monday in 27 June 2019; and

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

(b) An electric utility that primarily serves densely populatedcounties shall file a general rate application:

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

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

38 (c) A public utility that furnishes water for municipal, industrial 39 or domestic purposes or services for the disposal of sewage, or both, 40 which had an annual gross operating revenue of \$2,000,000 or more 41 for at least 1 year during the immediately preceding 3 years and 42 which had not filed a general rate application with the Commission 43 on or after July 1, 2005, shall file a general rate application on or 44 before June 30, 2008, and at least once every 36 months thereafter 45 unless waived by the Commission pursuant to standards adopted by





regulation of the Commission. If a public utility furnishes both
 water and services for the disposal of sewage, its annual gross
 operating revenue for each service must be considered separately for
 determining whether the public utility meets the requirements of this
 paragraph for either service.

6 (d) A public utility that furnishes water for municipal, industrial 7 or domestic purposes or services for the disposal of sewage, or both, which had an annual gross operating revenue of \$2,000,000 or more 8 for at least 1 year during the immediately preceding 3 years and 9 which had filed a general rate application with the Commission on 10 or after July 1, 2005, shall file a general rate application on or before 11 12 June 30, 2009, and at least once every 36 months thereafter unless 13 waived by the Commission pursuant to standards adopted by 14 regulation of the Commission. If a public utility furnishes both water and services for the disposal of sewage, its annual gross 15 16 operating revenue for each service must be considered separately for 17 determining whether the public utility meets the requirements of this 18 paragraph for either service.

19 The Commission shall adopt regulations setting forth standards 20 for waivers pursuant to paragraphs (c) and (d) and for including the 21 costs incurred by the public utility in preparing and presenting the 22 general rate application before the effective date of any change in 23 rates.

24 4. In addition to submitting the statement required pursuant to 25 subsection 3, a public utility may submit with its general rate 26 application a statement showing the effects, on an annualized basis, 27 of all expected changes in circumstances. If such a statement is 28 filed, it must include all increases and decreases in revenue and 29 expenses which may occur within 210 days after the date on which its general rate application is filed with the Commission if such 30 31 expected changes in circumstances are reasonably known and are 32 measurable with reasonable accuracy. If a public utility submits 33 such a statement, the public utility has the burden of proving that the 34 expected changes in circumstances set forth in the statement are 35 reasonably known and are measurable with reasonable accuracy. 36 The Commission shall consider expected changes in circumstances 37 to be reasonably known and measurable with reasonable accuracy if 38 the expected changes in circumstances consist of specific and 39 identifiable events or programs rather than general trends, patterns 40 or developments, have an objectively high probability of occurring 41 to the degree, in the amount and at the time expected, are primarily 42 measurable by recorded or verifiable revenues and expenses and are 43 easily and objectively calculated, with the calculation of the 44 expected changes relying only secondarily on estimates, forecasts,





1 projections or budgets. If the Commission determines that the public 2 utility has met its burden of proof:

3 (a) The Commission shall consider the statement submitted 4 pursuant to this subsection and evidence relevant to the statement, 5 including all reasonable projected or forecasted offsets in revenue 6 and expenses that are directly attributable to or associated with the 7 expected changes in circumstances under consideration, in addition 8 to the statement required pursuant to subsection 3 as evidence in 9 establishing just and reasonable rates for the public utility; and

10 (b) The public utility is not required to file with the Commission 11 the certification that would otherwise be required pursuant to 12 subsection 3.

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

18 If a public utility files with the Commission a general rate 6. application, the public utility, or a public utility affiliated with the 19 public utility through common ownership, shall not file with the 20 21 Commission another general rate application until all pending 22 general rate applications filed by that public utility have been 23 decided by the Commission unless, after application and hearing, 24 the Commission determines that a substantial financial emergency 25 would exist if the public utility *or its affiliate* is not permitted to file 26 another general rate application sooner. The provisions of this 27 subsection do not prohibit [the] a public utility from filing with the 28 Commission, while a general rate application is pending, an 29 application to recover the increased cost of purchased fuel, 30 purchased power, or natural gas purchased for resale pursuant to 31 subsection 7, a quarterly rate adjustment pursuant to subsection 8 or 32 10, any information relating to deferred accounting requirements 33 pursuant to NRS 704.185 or an annual deferred energy accounting adjustment application pursuant to NRS 704.187, if the public utility 34 35 is otherwise authorized to so file by those provisions.

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

40 (a) An electric utility which is required to adjust its rates on a 41 quarterly basis pursuant to subsection 10; or

42 (b) A public utility which purchases natural gas for resale and 43 which adjusts its rates on a quarterly basis pursuant to subsection 8.

44 8. A public utility which purchases natural gas for resale must 45 request approval from the Commission to adjust its rates on a



1 quarterly basis between annual rate adjustment applications based 2 on changes in the public utility's recorded costs of natural gas 3 purchased for resale. A public utility which purchases natural gas 4 for resale and which adjusts its rates on a quarterly basis may 5 request approval from the Commission to make quarterly adjustments to its deferred energy accounting adjustment. The 6 Commission shall approve or deny such a request not later than 120 7 8 days after the application is filed with the Commission. The 9 Commission may approve the request if the Commission finds that approval of the request is in the public interest. If the Commission 10 approves a request to make quarterly adjustments to the deferred 11 12 energy accounting adjustment of a public utility pursuant to this 13 subsection, any quarterly adjustment to the deferred energy 14 accounting adjustment must not exceed 2.5 cents per therm of natural gas. If the balance of the public utility's deferred account 15 16 varies by less than 5 percent from the public utility's annual 17 recorded costs of natural gas which are used to calculate quarterly rate adjustments, the deferred energy accounting adjustment must be 18 19 set to zero cents per therm of natural gas.

20 9. If the Commission approves a request to make any rate 21 adjustments on a quarterly basis pursuant to subsection 8:

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

28 (b) The public utility shall provide written notice of each 29 quarterly rate adjustment to its customers by including the written 30 notice with a customer's regular monthly bill or by electronic transmission pursuant to NRS 704.188. The public utility shall 31 32 begin providing such written notice to its customers not later than 30 33 days after the date on which the public utility files its written notice 34 with the Commission pursuant to paragraph (a). The written notice 35 required by this paragraph:

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

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

42 (I) The total amount of the increase or decrease in the 43 public utility's revenues from the rate adjustment, stated in dollars 44 and as a percentage;





1 (II) The amount of the monthly increase or decrease in 2 charges for each class of customer or class of service, stated in 3 dollars and as a percentage;

4 (III) A statement that customers may send written 5 comments or protests regarding the rate adjustment to the 6 Commission;

7 (IV) A statement that the transactions and recorded costs 8 of natural gas which are the basis for any quarterly rate adjustment 9 will be reviewed for reasonableness and prudence in the next 10 proceeding held by the Commission to review the annual rate 11 adjustment application pursuant to paragraph (d); and

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(V) Any other information required by the Commission.

13 (c) The public utility shall file an annual rate adjustment 14 application with the Commission. The annual rate adjustment 15 application is subject to the requirements for notice and a hearing 16 pursuant to NRS 703.320 and the requirements for a consumer 17 session pursuant to subsection 1 of NRS 704.069.

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

27 (e) The Commission shall not allow the public utility to recover 28 any recorded costs of natural gas which were the result of any 29 practice or transaction that was unreasonable or was undertaken, 30 managed or performed imprudently by the public utility, and the Commission shall order the public utility to adjust its rates if the 31 32 Commission determines that any recorded costs of natural gas 33 included in any quarterly rate adjustment or the annual rate adjustment application were not reasonable or prudent. 34

35 10. An electric utility shall adjust its rates on a quarterly basis based on changes in the electric utility's recorded costs of purchased 36 37 fuel or purchased power. In addition to adjusting its rates on a 38 quarterly basis, an electric utility may request approval from the 39 Commission to make quarterly adjustments to its deferred energy accounting adjustment. The Commission shall approve or deny such 40 a request not later than 120 days after the application is filed with 41 42 the Commission. The Commission may approve the request if the 43 Commission finds that approval of the request is in the public 44 interest. If the Commission approves a request to make quarterly 45 adjustments to the deferred energy accounting adjustment of an





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1 electric utility pursuant to this subsection, any quarterly adjustment 2 to the deferred energy accounting adjustment must not exceed 0.25 3 cents per kilowatt-hour of electricity. If the balance of the electric utility's deferred account varies by less than 5 percent from the 4 electric utility's annual recorded costs for purchased fuel or 5 6 purchased power which are used to calculate quarterly rate adjustments, the deferred energy accounting adjustment must be set 7 to zero cents per kilowatt-hour of electricity. 8

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

(a) The electric utility shall file written notice with the 11 Commission on or before August 15, 2007, and every quarter 12 13 thereafter of the quarterly rate adjustment to be made by the electric utility for the following quarter. The first quarterly rate adjustment 14 by the electric utility will take effect on October 1, 2007, and each 15 16 subsequent quarterly rate adjustment will take effect every quarter 17 thereafter. The first quarterly adjustment to a deferred energy accounting adjustment must be made pursuant to an order issued by 18 19 the Commission approving the application of an electric utility to make quarterly adjustments to its deferred energy accounting 20 21 adjustment. A quarterly rate adjustment is not subject to the 22 requirements for notice and a hearing pursuant to NRS 703.320 or the requirements for a consumer session pursuant to subsection 1 of 23 24 NRS 704.069.

25 (b) The electric utility shall provide written notice of each 26 quarterly rate adjustment to its customers by including the written 27 notice with a customer's regular monthly bill or by electronic 28 submission pursuant to NRS 704.188. The electric utility shall begin 29 providing such written notice to its customers not later than 30 days 30 after the date on which the electric utility files a written notice with the Commission pursuant to paragraph (a). The written notice 31 32 required by this paragraph:

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

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

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

42 (II) The amount of the monthly increase or decrease in 43 charges for each class of customer or class of service, stated in 44 dollars and as a percentage;



1 (III) A statement that customers may send written 2 comments or protests regarding the rate adjustment to the 3 Commission;

4 (IV) A statement that the transactions and recorded costs 5 of purchased fuel or purchased power which are the basis for any 6 quarterly rate adjustment will be reviewed for reasonableness and 7 prudence in the next proceeding held by the Commission to review 8 the annual deferred energy accounting adjustment application 9 pursuant to paragraph (d); and

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(V) Any other information required by the Commission.

11 (c) The electric utility shall file an annual deferred energy 12 accounting adjustment application pursuant to NRS 704.187 with 13 the Commission. The annual deferred energy accounting adjustment 14 application is subject to the requirements for notice and a hearing 15 pursuant to NRS 703.320 and the requirements for a consumer 16 session pursuant to subsection 1 of NRS 704.069.

17 (d) The proceeding regarding the annual deferred energy accounting adjustment application must include a review of each 18 quarterly rate adjustment and the transactions and recorded costs of 19 20 purchased fuel and purchased power included in each quarterly filing and the annual deferred energy accounting adjustment 21 22 application. There is no presumption of reasonableness or prudence 23 for any quarterly rate adjustment or for any transactions or recorded 24 costs of purchased fuel and purchased power included in any 25 quarterly rate adjustment or the annual deferred energy accounting 26 adjustment application, and the electric utility has the burden of 27 proving reasonableness and prudence in the proceeding.

28 (e) The Commission shall not allow the electric utility to recover 29 any recorded costs of purchased fuel and purchased power which 30 were the result of any practice or transaction that was unreasonable 31 or was undertaken, managed or performed imprudently by the 32 electric utility, and the Commission shall order the electric utility to 33 adjust its rates if the Commission determines that any recorded costs of purchased fuel and purchased power included in any quarterly 34 35 rate adjustment or the annual deferred energy accounting adjustment 36 application were not reasonable or prudent.

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

41 (a) Submit with its annual deferred energy accounting 42 adjustment application information relating to the cost of service 43 and rate design; and





1 (b) Supplement its general rate application with the same 2 information, if such information was not submitted with the general 3 rate application.

13. A utility facility identified in a 3-year plan submitted 4 5 pursuant to NRS 704.741 and accepted by the Commission for 6 acquisition or construction pursuant to NRS 704.751 and the 7 regulations adopted pursuant thereto, or the retirement or 8 elimination of a utility facility identified in an emissions reduction 9 and capacity replacement plan submitted pursuant to NRS 704.7316 and accepted by the Commission for retirement or elimination 10 pursuant to NRS 704.751 and the regulations adopted pursuant 11 12 thereto, shall be deemed to be a prudent investment. The utility may 13 recover all just and reasonable costs of planning and constructing, or 14 retiring or eliminating, as applicable, such a facility. For the 15 purposes of this subsection, a plan or an amendment to a plan shall 16 be deemed to be accepted by the Commission only as to that portion 17 of the plan or amendment accepted as filed or modified with the 18 consent of the utility pursuant to NRS 704.751.

19 14. In regard to any rate or schedule approved or disapproved 20 pursuant to this section, the Commission may, after a hearing:

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

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

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

27 (b) Authorize a utility to implement a reduced rate for low-28 income residential customers.

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

34 A public utility which purchases natural gas for resale or an 16. 35 electric utility that makes quarterly adjustments to its deferred 36 energy accounting adjustment pursuant to subsection 8 or 10 may 37 submit to the Commission for approval an application to discontinue 38 making quarterly adjustments to its deferred energy accounting adjustment and to subsequently make annual adjustments to its 39 40 deferred energy accounting adjustment. The Commission may approve an application submitted pursuant to this subsection if the 41 42 Commission finds that approval of the application is in the public 43 interest.

44 17. As used in this section:





1 (a) "Deferred energy accounting adjustment" means the rate of a 2 public utility which purchases natural gas for resale or an electric 3 utility that is calculated by dividing the balance of a deferred 4 account during a specified period by the total therms or kilowatt-5 hours which have been sold in the geographical area to which the rate applies during the specified period, not including kilowatt-hours 6 7 sold pursuant to an expanded solar access program established 8 pursuant to NRS 704.7865.

9 (b) "Electric utility" has the meaning ascribed to it in 10 NRS 704.187.

11 (c) "Electric utility that primarily serves densely populated 12 counties" means an electric utility that, with regard to the provision 13 of electric service, derives more of its annual gross operating 14 revenue in this State from customers located in counties whose 15 population is 700,000 or more than it does from customers located 16 in counties whose population is less than 700,000.

17 (d) "Electric utility that primarily serves less densely populated 18 counties" means an electric utility that, with regard to the provision 19 of electric service, derives more of its annual gross operating 20 revenue in this State from customers located in counties whose 21 population is less than 700,000 than it does from customers located 22 in counties whose population is 700,000 or more.

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

24 704.741 A utility which supplies electricity in this State 1. shall, on or before June 1 of every third year, or more often if 25 26 *necessary*, in the manner specified by the Commission, submit a 27 plan to increase its supply of electricity or decrease the demands 28 made on its system by its customers to the Commission. Two or 29 more utilities that are affiliated through common ownership and that 30 have an interconnected system for the transmission of electricity 31 shall submit a joint plan.

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2. The Commission shall, by regulation:

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

36 (1) Forecast the future demands, except that a forecast of the 37 future retail electric demands of the utility or utilities must not 38 include the amount of energy and capacity proposed pursuant to 39 subsection [5] 6 as annual limits on the total amount of energy and 40 capacity that eligible customers may be authorized to purchase from 41 providers of new electric resources through transactions approved 42 by the Commission pursuant to an application submitted pursuant to 43 NRS 704B.310 on or after May 16, 2019; and

44 (2) Determine the best combination of sources of supply to
45 meet the demands or the best method to reduce them; [and]





(b) Designate renewable energy zones and revise the designated
renewable energy zones as the Commission deems necessary [-]; *and*

4 (c) Establish requirements governing the manner in which and 5 circumstances under which an amendment may be filed with the 6 Commission to modify an approved plan.

7 3. The Commission shall require the utility or utilities to 8 include in the plan:

9 (a) An energy efficiency program for residential customers 10 which reduces the consumption of electricity or any fossil fuel and 11 which includes, without limitation, the use of new solar thermal 12 energy sources.

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

(c) A comparison of a diverse set of scenarios of the best
combination of sources of supply to meet the demands or the best
methods to reduce the demands, which must include [at]:

23 (1) At least one scenario of low carbon dioxide emissions24 that:

25 [(1)] (*I*) Uses sources of supply that result in, by 2050, an 26 amount of energy production from zero carbon dioxide emission 27 resources that equals the forecasted demand for electricity by 28 customers of the utility;

29 [(2)] (II) Includes the deployment of distributed generation;
 30 and

31 [(3)] (III) If the plan is submitted on or before June 1, 2027, 32 uses sources of supply that result in, by the year 2030, an 80 percent 33 reduction in carbon dioxide emissions from the generation of 34 electricity to meet the demands of customers of the utility as 35 compared to the amount of such emissions in the year 2005.

36 (2) At least one scenario that provides for the construction 37 or acquisition of energy resources through contract or ownership 38 to be placed into service to close an open position utilizing 39 dedicated energy resources in this State and dedicated energy 40 resources delivered through firm transmission.

41 → A requirement to include a particular scenario in the plan 42 pursuant to this paragraph, or the compliance of a utility with 43 such a requirement, shall not be construed as indicating a 44 preference by the Commission or the utility for a particular 45 scenario.





1 (d) An analysis of the effects of the requirements of NRS 2 704.766 to 704.776, inclusive, on the reliability of the distribution 3 system of the utility or utilities and the costs to the utility or utilities 4 to provide electric service to all customers. The analysis must 5 include an evaluation of the costs and benefits of addressing issues 6 of reliability through investment in the distribution system.

7 (e) A list of the utility's or utilities' assets described in 8 NRS 704.7338.

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

10 4. For each scenario considered pursuant to subsection 3, the 11 plan must include, without limitation:

(a) For each energy resource proposed:

13 (1) A description of each energy resource to be constructed, 14 acquired or contracted for by the utility, including, without 15 limitation, the location of the energy resource, the technology to 16 be used by the energy resource to generate electricity, the 17 anticipated capacity of the energy resource and the anticipated 18 date by which the energy resource will be placed into service;

19 (2) The cost of constructing or acquiring the energy 20 resource or, if the energy resource is contracted for by the utility, 21 the price of the energy to be supplied by the energy resource;

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

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

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

29 (1) The ability of the utility to decrease its reliance on 30 market purchases to meet the utility's open energy load 31 requirements, including, without limitation, any appropriate 32 reserves, and the forecast of energy needs over the next 10 years;

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

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

41 (4) The ability of the utility to increase access to carbon-42 free energy, support compliance with the renewable portfolio 43 standard and advance the goals for the reduction of greenhouse 44 gas emissions set forth in NRS 445B.380 and 704.7820 through a 45 balanced portfolio of energy supply and demand-side resources;



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

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

6 (7) The rates charged to the customers of the utility, 7 provided that, in implementing the plan, the utility must endeavor 8 to mitigate costs for the benefit of customers to the extent possible 9 by utilizing federal funding and tax credits available to utilities or 10 third parties for the development of electric resources.

11 [4.] 5. The Commission shall require the utility or utilities to 12 include in the plan a distributed resources plan. The distributed 13 resources plan must:

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

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

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

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

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

(f) Include a transportation electrification plan as required byNRS 704.7867.

38 **5. 6.** The Commission shall require the utility or utilities to 39 include in the plan a proposal for annual limits on the total amount 40 of energy and capacity that eligible customers may be authorized to purchase from providers of new electric resources through 41 42 transactions approved by the Commission pursuant to an application 43 submitted pursuant to NRS 704B.310 on or after May 16, 2019. In 44 developing the proposal and the forecasts in the plan, the utility or 45 utilities must use a sensitivity analysis that, at a minimum, addresses





load growth, import capacity, system constraints and the effect of
 eligible customers purchasing less energy and capacity than
 authorized by the proposed annual limit. The proposal in the plan
 must include, without limitation:

5

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

6 (b) The number of eligible customers that are currently being 7 served by or anticipated to be served by the utility or utilities;

8 (c) Information concerning the infrastructure of the utility or 9 utilities that is available to accommodate market-based new electric 10 resources;

(d) Proposals to ensure the stability of rates and the availabilityand reliability of electric service; and

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

17 [6.] 7. The annual limits proposed pursuant to subsection [5] 6
18 shall not apply to energy and capacity sales to an eligible customer
19 if the eligible customer:

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

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

25

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

(a) "Distributed generation system" has the meaning ascribed toit in NRS 701.380.

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

31 (c) "Eligible customer" has the meaning ascribed to it in 32 NRS 704B.080.

33 (d) "Energy" has the meaning ascribed to it in NRS 704B.090.

34 (e) "Historically underserved community" has the meaning 35 ascribed to it in NRS 704.78343.

(f) "Low-income household" has the meaning ascribed to it inNRS 704.78347.

(g) "New electric resource" has the meaning ascribed to it inNRS 704B.110.

40 (h) "Provider of new electric resources" has the meaning 41 ascribed to it in NRS 704B.130.

42 (i) "Renewable energy zones" means specific geographic zones 43 where renewable energy resources are sufficient to develop 44 generation capacity and where transmission constrains the delivery 45 of electricity from those resources to customers.





(j) "Sensitivity analysis" means a set of methods or procedures 1 2 which results in a determination or estimation of the sensitivity of a result to a change in given data or a given assumption. 3

4

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

5 704.744 **1**. The Commission shall require each utility which 6 supplies electricity in this State, not less than 4 months before filing 7 a plan required pursuant to NRS 704.741, or within a reasonable period before filing an amendment to such a plan [pursuant to NRS 8 704.751,] in accordance with the regulations adopted by the 9 *Commission pursuant to NRS 704.741*, to meet with personnel 10 from the Commission and the Bureau of Consumer Protection in the 11 12 Office of the Attorney General and any other interested persons to 13 provide an overview of the anticipated filing or amendment.

14 2. Each utility which supplies electricity in this State shall, before filing a plan required pursuant to NRS 704.741 or an 15 16 amendment to such a plan, schedule at least one consumer session 17 to review the plan or amendment and provide an opportunity for 18 interested persons to:

19 (a) Learn about the progress of the utility in developing plans 20 and amendments to plans;

21 (b) Determine whether key assumptions are being applied in a 22 consistent and acceptable manner; 23

(c) Determine whether key results are reasonable; and

(d) Offer suggestions on other matters as appropriate.

3. Each utility shall prepare a summary of each consumer 25 26 session held pursuant to subsection 2 and include the summary in 27 the testimony of the utility in support of the plan or amendment to 28 the plan. 29

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

After a utility has filed its plan pursuant to NRS 30 704.746 1. 31 704.741, the Commission shall convene a public hearing on the 32 adequacy of the plan.

33 2. The Commission shall determine the parties to the public 34 hearing on the adequacy of the plan. A person or governmental 35 entity may petition the Commission for leave to intervene as a party. 36 The Commission must grant a petition to intervene as a party in the 37 hearing if the person or entity has relevant material evidence to provide concerning the adequacy of the plan. The Commission may 38 39 limit participation of an intervener in the hearing to avoid 40 duplication and may prohibit continued participation in the hearing by an intervener if the Commission determines that continued 41 42 participation will unduly broaden the issues, will not provide 43 additional relevant material evidence or is not necessary to further 44 the public interest.





2 may make comments to the Commission regarding the contents and 3 adequacy of the plan. After the hearing, the Commission shall determine whether: 4 4. 5 (a) The forecast requirements of the utility or utilities are based 6 on substantially accurate data and an adequate method of 7 forecasting. 8 (b) The plan identifies and takes into account any present and 9 projected reductions in the demand for energy that may result from measures to improve energy efficiency in the industrial, 10 commercial, residential and energy producing sectors of the area 11

12 being served.

3.

1

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

- 17 18
- (1) Improvements in energy efficiency;
- (.
- 19
- (2) Pooling of power;
- (3) Purchases of power from neighboring states or countries;
- 20 (4) Facilities that operate on solar or geothermal energy or 21 wind;

(5) Facilities that operate on the principle of cogeneration orhydrogeneration;

- 24 25
- (6) Other generation facilities; and
- (7) Other transmission facilities.
- 5. The Commission shall give preference to the measures and sources of supply set forth in paragraph (c) of subsection 4 that:
- (a) Provide the greatest economic and environmental benefits tothe State;
- 30 (b) Are consistent with the provisions of this section;
- 31 (c) Provide levels of service that are adequate and reliable;
- 32 (d) Provide the greatest opportunity for the creation of new jobs 33 in this State; and
- (e) Provide for diverse electricity supply portfolios and which
 reduce customer exposure to the price volatility of fossil fuels and
 the potential costs of carbon.
- 57 \rightarrow In considering the measures and sources of supply set forth in 58 paragraph (c) of subsection 4 and determining the preference given 59 to such measures and sources of supply, the Commission shall 40 consider the cost of those measures and sources of supply to the 41 customers of the electric utility or utilities.
- 42 6. The Commission shall:

43 (a) Adopt regulations which determine the level of preference to44 be given to those measures and sources of supply; and





In addition to any party to the hearing, any interested person

1 (b) Consider the value to the public of using water efficiently 2 when it is determining those preferences.

3

7. The Commission shall:

4 (a) Consider the level of financial commitment from developers 5 of renewable energy projects in each renewable energy zone, as 6 designated pursuant to subsection 2 of NRS 704.741; and

7 (b) Adopt regulations establishing a process for considering 8 such commitments including, without limitation, contracts for the 9 sale of energy, leases of land and mineral rights, cash deposits and 10 letters of credit.

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

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

18 (b) Whether the plan provides the greatest economic benefit to 19 this State;

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

(d) Whether the plan represents the best value to the customersof the electric utility or utilities.

24 In considering whether to accept or modify a proposal for 9. 25 annual limits on the total amount of energy and capacity that eligible 26 customers may be authorized to purchase from providers of new 27 electric resources through transactions approved by the Commission 28 pursuant to an application submitted pursuant to NRS 704B.310 29 after May 16, 2019, which is included in the plan pursuant to 30 subsection 5 6 of NRS 704.741, the Commission shall consider 31 whether the proposed annual limits:

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

(b) Align an economically viable utility model with state publicpolicy goals; and

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

41 10. In considering whether to accept or modify a plan to
42 accelerate transportation electrification submitted pursuant to NRS
43 704.7867, the Commission shall consider:





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

4 (1) Improve the efficiency of the electric utility's electrical 5 system, operational flexibility or system utilization during off-peak 6 hours;

7 (2) Improve the ability of the electric utility to integrate 8 renewable energy resources which generate electricity on an 9 intermittent basis into the transmission and distribution grid;

10

(3) Reduce greenhouse gas emissions and air pollution;

11 (4) Improve air quality in communities most affected by air 12 pollution from the transportation sector;

(5) Support increased consumer choice in electric vehiclecharging and related infrastructure and services;

15 (6) Increase access to the use of electricity as a transportation 16 fuel by low-income users by including investments, incentives or 17 programs for those users, or for entities operating in communities or 18 at locations that will benefit low-income users;

19 (7) Foster the investment of private capital in transportation 20 electrification, as defined in NRS 704.7867, and the demand for 21 skilled jobs in related services; and

(8) Provide information and education on the benefits oftransportation electrification to customers.

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

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

30 (d) The cost to the customers of the electric utility to implement31 the plan.

32 **Sec. 7.** 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

40 (b) Within 210 days for all portions of the plan not described in 41 paragraph (a).

42 → If the Commission issues an order modifying the plan, the utility
43 or utilities may consent to or reject some or all of the modifications
44 by filing with the Commission a notice to that effect. Any such
45 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.

4 2. If a utility files an amendment to a plan, the Commission 5 shall issue an order accepting or modifying the amendment or 6 specifying any portions of the amendment it deems to be 7 inadequate:

8

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

9 (b) Within 180 days after the filing of the amendment for all 10 portions of the amendment which contain an element of the 11 emissions reduction and capacity replacement plan.

12 \rightarrow If the Commission issues an order modifying the amendment, the 13 utility or utilities may consent to or reject some or all of the 14 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 15 issuance of the order. If such a notice is filed, any petition for 16 17 reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice 18 19 is filed.

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

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

30 The Commission may accept an energy efficiency plan 31 containing an energy efficiency program submitted pursuant to 32 paragraph (a) of subsection 3 of NRS 704.741 and energy efficiency and conservation programs submitted pursuant to paragraph (b) of 33 34 subsection 3 of NRS 704.741 that are not cost effective if the energy 35 efficiency plan as a whole is cost effective. Any order issued by the Commission accepting or modifying an energy efficiency plan or an 36 37 amendment to such a plan must, if the energy efficiency plan 38 remains cost effective, require that not less than 10 percent of the 39 total expenditures of the utility or utilities on approved energy efficiency and conservation programs in the energy efficiency plan 40 must be specifically directed to energy efficiency measures for 41 42 customers of the utility or utilities in low-income households and 43 residential customers and public schools in historically underserved 44 communities, through both targeted programs and programs directed 45 at residential customers and public schools in general.





1 6. The Commission may accept a distributed resources plan 2 submitted pursuant to subsection [4] 5 of NRS 704.741 if the 3 Commission determines that the plan includes each element 4 required by that subsection.

5 Any order issued by the Commission accepting or modifying 7. an element of an emissions reduction and capacity replacement plan 6 7 must include provisions authorizing the electric utility or utilities to 8 construct or acquire and own electric generating plants necessary to 9 meet the capacity amounts approved in, and carry out the provisions of, the plan. As used in this subsection, "capacity" means an amount 10 of firm electric generating capacity used by the electric utility or 11 12 utilities for the purpose of preparing a plan filed with the 13 Commission pursuant to NRS 704.736 to 704.754, inclusive.

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

18 9. As used in this section:

19 (a) "Historically underserved community" has the meaning 20 ascribed to it in NRS 704.78343.

(b) "Low-income household" has the meaning ascribed to it inNRS 704.78347.

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

28 Sec. 9. 1. This act becomes effective on July 1, 2023.

29 2. Section 1 of this act expires by limitation on June 30, 2049.



