

SENATE BILL NO. 146—SENATOR SPEARMAN

PREFILED FEBRUARY 13, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing the filing of an integrated resources plan with the Public Utilities Commission of Nevada. (BDR 58-15)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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

AN ACT relating to energy; requiring certain electric utilities in this State to file with the Public Utilities Commission of Nevada a distributed resources plan; prescribing the minimum requirements of such a plan; revising provisions governing the filing of a plan by one electric utility to increase the supply of electricity or reduce demand; increasing the period by which the Commission must issue an order accepting or modifying certain portions of such a plan or amendments to such a plan; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires an electric utility with an annual operating revenue of
2 \$2,500,000 or more in this State to submit to the Public Utilities Commission of
3 Nevada, on or before July 1 of every third year, a plan to increase its supply of
4 electricity or decrease the demands made on its system by its customers. (NRS
5 704.741) **Section 1** of this bill requires certain affiliated utilities to file a joint plan.
6 Under **sections 1 and 3** of this bill, each utility is required to file a plan on or
7 before June 1, 2018, and on or before June 1 of every third year thereafter.
8 **Section 1** of this bill also requires an electric utility to submit to the
9 Commission, on or before July 1, 2018, a distributed resources plan as part of the
10 plan to increase its supply or decrease the demands on its system. A distributed
11 resources plan must: (1) evaluate locational benefits and costs of distributed
12 resources; (2) propose or identify standard tariffs, contracts or other mechanisms
13 for the deployment of cost-effective distributed resources; (3) propose cost-
14 effective methods of effectively coordinating existing programs approved by the
15 Commission; (4) identify additional spending necessary to integrate cost-effective
16 distributed resources into distribution planning; and (5) identify barriers to the



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17 deployment of distributed resources. Under **section 3**, each utility must submit its
18 first distributed resources plan on or before April 1, 2019.

19 Existing law requires the Commission to convene a public hearing on the
20 adequacy of a plan to increase supply or reduce demand and to issue an order
21 accepting the plan or specifying any portions of the plan it deems to be inadequate.
22 (NRS 704.746, 704.751) **Section 2** of this bill authorizes the Commission to accept
23 a distributed resources plan that complies with the provisions of **section 1** after
24 such a hearing. **Section 2** also increases from 180 days to 210 days the period by
25 which the Commission must issue an order approving or modifying any portion of a
26 plan to increase supply or reduce demand that does not relate to the energy supply
27 plan of the utility and increases from 135 to 165 days the period by which the
28 Commission must issue an order accepting or modifying an amendment to such a
29 plan.

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

1 **Section 1.** NRS 704.741 is hereby amended to read as follows:
2 704.741 1. A utility which supplies electricity in this State
3 shall, on or before ~~July~~ **June** 1 of every third year, in the manner
4 specified by the Commission, submit a plan to increase its supply of
5 electricity or decrease the demands made on its system by its
6 customers to the Commission. *Two or more utilities that are*
7 *affiliated through common ownership and that have an*
8 *interconnected system for the transmission of electricity shall*
9 *submit a joint plan.*

10 2. The Commission shall, by regulation:
11 (a) Prescribe the contents of such a plan, including, but not
12 limited to, the methods or formulas which are used by the utility *or*
13 *utilities* to:

- 14 (1) Forecast the future demands; and
15 (2) Determine the best combination of sources of supply to
16 meet the demands or the best method to reduce them; and

17 (b) Designate renewable energy zones and revise the designated
18 renewable energy zones as the Commission deems necessary.

19 3. The Commission shall require the utility *or utilities* to
20 include in ~~its~~ *the* plan:

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

25 (b) A comparison of a diverse set of scenarios of the best
26 combination of sources of supply to meet the demands or the best
27 methods to reduce the demands, which must include at least one
28 scenario of low carbon intensity that includes the deployment of
29 distributed generation.



1 (c) An analysis of the effects of the requirements of NRS
2 704.766 to 704.775, 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 (d) A list of the utility's *or utilities'* assets described in
8 NRS 704.7338.

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

10 4. The Commission shall require the utility *or utilities* to
11 include in ~~its~~ *the* plan a plan for construction or expansion of
12 transmission facilities to serve renewable energy zones and to
13 facilitate the utility *or utilities* in meeting the portfolio standard
14 established by NRS 704.7821.

15 5. *The Commission shall require the utility or utilities to*
16 *include in the plan a distributed resources plan. The distributed*
17 *resources plan must:*

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

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

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

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

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

40 6. As used in this section:

41 (a) "Carbon intensity" means the amount of carbon by weight
42 emitted per unit of energy consumed.

43 (b) *"Distributed generation system" has the meaning ascribed*
44 *to it in NRS 701.380.*



1 (c) “Distributed resources” means distributed generation
2 systems, energy efficiency, energy storage, electric vehicles and
3 demand-response technologies.

4 (d) “Renewable energy zones” means specific geographic zones
5 where renewable energy resources are sufficient to develop
6 generation capacity and where transmission constrains the delivery
7 of electricity from those resources to customers.

8 **Sec. 1.5.** NRS 704.746 is hereby amended to read as follows:

9 704.746 1. After a utility has filed its plan pursuant to NRS
10 704.741, the Commission shall convene a public hearing on the
11 adequacy of the plan.

12 2. The Commission shall determine the parties to the public
13 hearing on the adequacy of the plan. A person or governmental
14 entity may petition the Commission for leave to intervene as a party.
15 The Commission must grant a petition to intervene as a party in the
16 hearing if the person or entity has relevant material evidence to
17 provide concerning the adequacy of the plan. The Commission may
18 limit participation of an intervener in the hearing to avoid
19 duplication and may prohibit continued participation in the hearing
20 by an intervener if the Commission determines that continued
21 participation will unduly broaden the issues, will not provide
22 additional relevant material evidence or is not necessary to further
23 the public interest.

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

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

28 (a) The forecast requirements of the utility *or utilities* are based
29 on substantially accurate data and an adequate method of
30 forecasting.

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

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

- 40 (1) Improvements in energy efficiency;
- 41 (2) Pooling of power;
- 42 (3) Purchases of power from neighboring states or countries;
- 43 (4) Facilities that operate on solar or geothermal energy or

44 wind;



1 (5) Facilities that operate on the principle of cogeneration or
2 hydrogeneration;

3 (6) Other generation facilities; and

4 (7) Other transmission facilities.

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

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

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

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

11 (d) Provide the greatest opportunity for the creation of new jobs
12 in this State.

13 6. The Commission shall:

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

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

18 7. The Commission shall:

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

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

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

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

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

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

37 (d) Whether the plan represents the best value to the customers
38 of the electric utility **H** *or utilities*.

39 **Sec. 2.** NRS 704.751 is hereby amended to read as follows:

40 704.751 1. After a utility has filed the plan required pursuant
41 to NRS 704.741, the Commission shall issue an order accepting or
42 modifying the plan or specifying any portions of the plan it deems to
43 be inadequate:



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

4 (b) Within ~~180~~ 210 days for all portions of the plan not
5 described in paragraph (a).

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

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

17 (a) Within ~~135~~ 165 days after the filing of the amendment; or

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

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

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

33 4. The Commission may accept ~~it~~:

34 (a) A transmission plan submitted pursuant to subsection 4 of
35 NRS 704.741 for a renewable energy zone if the Commission
36 determines that the construction or expansion of transmission
37 facilities would facilitate the utility *or utilities* meeting the portfolio
38 standard, as defined in NRS 704.7805.

39 (b) *A distributed resources plan submitted pursuant to*
40 *subsection 5 of NRS 704.741 if the Commission determines that*
41 *the plan includes each element required by that subsection.*

42 5. The Commission shall adopt regulations establishing the
43 criteria for determining the adequacy of a transmission plan
44 submitted pursuant to subsection 4 of NRS 704.741.



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

10 **Sec. 3.** 1. Notwithstanding any other provision of law and
11 except as otherwise provided in this subsection, any public utility
12 required to file a plan pursuant to NRS 704.741, as amended by
13 section 1 of this act, shall file a plan pursuant to that section, as
14 amended by section 1 of this act, on or before June 1, 2018. The
15 plan filed by a public utility pursuant to NRS 704.741, as amended
16 by section 1 of this act, on or before June 1, 2018, is not required to
17 include the distributed resources plan required by subsection 5 of
18 NRS 704.741, as amended by section 1 of this act.

19 2. Any public utility required to file a plan pursuant to NRS
20 704.741 that would not otherwise be required to file a new plan
21 before July 1, 2018, shall, on or before April 1, 2019, submit an
22 amendment to its existing plan that complies with the provisions
23 relating to a distributed resources plan in subsection 5 of NRS
24 704.741, as amended by section 1 of this act.

25 **Sec. 4.** This act becomes effective on July 1, 2017.



