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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:

Existing law requires an electric utility with an annual operating revenue of \$2,500,000 or more in this State to submit to the Public Utilities Commission of Nevada, on or before July 1 of every third year, a plan to increase its supply of electricity or decrease the demands made on its system by its customers. (NRS 704.741) **Section 1** of this bill requires certain affiliated utilities to file a joint plan. Under **sections 1 and 3** of this bill, each utility is required to file a plan on or before June 1, 2018, and on or before June 1 of every third year thereafter.

Section 1 of this bill also requires an electric utility to submit to the Commission, on or before July 1, 2018, a distributed resources plan as part of the plan to increase its supply or decrease the demands on its system. A distributed resources plan must: (1) evaluate locational benefits and costs of distributed resources; (2) propose or identify standard tariffs, contracts or other mechanisms for the deployment of cost-effective distributed resources; (3) propose cost-effective methods of effectively coordinating existing programs approved by the Commission; (4) identify additional spending necessary to integrate cost-effective distributed resources into distribution planning; and (5) identify barriers to the deployment of distributed resources. Under **section 3**, each utility must submit its first distributed resources plan on or before April 1, 2019.

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



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

Section 1. NRS 704.741 is hereby amended to read as follows:

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

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:

(1) Forecast the future demands; and

(2) Determine the best combination of sources of supply to 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.

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

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

(b) 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 least one scenario of low carbon intensity that includes the deployment of distributed generation.

(c) An analysis of the effects of the requirements of NRS 704.766 to 704.775, inclusive, on the reliability of the distribution system of the utility *or utilities* and the costs to the utility *or utilities* to provide electric service to all customers. The analysis must include an evaluation of the costs and benefits of addressing issues of reliability through investment in the distribution system.

(d) A list of the utility's *or utilities'* assets described in NRS 704.7338.

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



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

5. *The Commission shall require the utility or utilities to include in the plan a distributed resources plan. The distributed 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 cost-effective 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.

6. As used in this section:

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

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

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

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



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

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

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

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

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

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

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

(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:

- (1) Improvements in energy efficiency;
- (2) Pooling of power;
- (3) Purchases of power from neighboring states or countries;
- (4) Facilities that operate on solar or geothermal energy or wind;
- (5) Facilities that operate on the principle of cogeneration or hydrogeneration;
- (6) Other generation facilities; and
- (7) Other transmission facilities.

5. The Commission may 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 to the State;

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

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

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

6. The Commission shall:

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

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

7. The Commission shall:

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

(b) Adopt regulations establishing a process for considering such commitments including, without limitation, contracts for the sale of energy, leases of land and mineral rights, cash deposits and 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;

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

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

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

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

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

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

(b) Within ~~H80~~ 210 days for all portions of the plan not described in paragraph (a).



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

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

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

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

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

3. 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.

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

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

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

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

6. Any order issued by the Commission accepting or modifying an element of an emissions reduction and capacity replacement plan must include provisions authorizing the electric utility *or utilities* to construct or acquire and own electric generating plants necessary to



meet the capacity amounts approved in, and carry out the provisions of, the plan. As used in this subsection, “capacity” means an amount of firm electric generating capacity used by the electric utility *or utilities* for the purpose of preparing a plan filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive.

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

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

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



