

SENATE BILL NO. 150—SENATOR SPEARMAN

PREFILED FEBRUARY 13, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions related to energy efficiency programs. (BDR 58-568)

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 energy efficiency programs; requiring the Public Utilities Commission of Nevada to establish for each electric utility in this State annual goals for energy savings resulting from the implementation of energy efficiency programs; requiring each electric utility to implement an energy efficiency plan designed to be cost effective and to meet the annual goals for energy savings established by the Commission; revising certain provisions relating to the recovery of costs based on the implementation by an electric utility of energy efficiency and conservation programs; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 **Sections 2-11** of this bill require the Public Utilities Commission of Nevada to
2 establish annual goals for energy savings applicable to electric utilities in this State.
3 **Section 9** sets forth certain Legislative findings of the necessity for and the
4 benefits relative to the conservation of energy and the reduction of the consumption
5 of energy by consumers in this State.
6 **Section 10** requires the Commission to establish goals for energy savings for
7 each electric utility for each calendar year. **Section 10** also requires each electric
8 utility to implement an energy efficiency plan which is cost effective and designed
9 to meet the goals for energy savings established by the Commission. **Section 10**
10 further requires that at least 5 percent of the expenditures related to energy
11 efficiency programs must be directed toward low-income customers of the electric
12 utility.
13 **Section 12** of this bill revises existing law relating to the recovery of costs
14 based on the implementation by an electric utility of energy efficiency and
15 conservation programs to authorize the Commission to remove financial
16 disincentives which discourage an electric utility from implementing or promoting



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17 participation in such programs by including a rate adjustment mechanism to ensure
18 that the revenue per customer authorized in a general rate application is recovered
19 without regard to the difference in the quantity of electricity actually sold by the
20 electric utility.

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 11, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 11, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3 to 8, inclusive, of this act have the meanings ascribed*
7 *to them in those sections.*

8 **Sec. 3.** *“Cost effective” means that an energy efficiency plan*
9 *has a benefit-cost ratio of 1.0 or greater as measured by the cost-*
10 *effectiveness test selected by the Commission, which test must*
11 *account for the nonenergy benefits of the energy efficiency plan.*

12 **Sec. 4.** *“Electric utility” has the meaning ascribed to it in*
13 *NRS 704.187.*

14 **Sec. 5.** 1. *“Energy efficiency program” means a program*
15 *designed, intended or used to improve energy efficiency by*
16 *reducing the energy consumption by a retail customer of an*
17 *electric utility.*

18 2. *The term includes, without limitation, a demand-side*
19 *response program or load-limiting program that shifts the*
20 *consumption of energy by a retail customer from one period to*
21 *another period.*

22 3. *The term does not include the implementation or*
23 *assessment of any rate which is based on the time of day, day of*
24 *the week or time of year during which electricity is used or which*
25 *otherwise varies based upon the time during which the electricity*
26 *is used.*

27 **Sec. 6.** *“Energy savings” means the gross energy savings*
28 *resulting from energy efficiency measures adopted through the*
29 *implementation of an energy efficiency program, but does not*
30 *include net energy savings resulting from energy efficiency*
31 *measures adopted by retail customers of the electric utility which*
32 *are not attributable to participation in an energy efficiency*
33 *program.*

34 **Sec. 7.** (Deleted by amendment.)

35 **Sec. 8.** (Deleted by amendment.)

36 **Sec. 9.** *The Legislature hereby finds and declares that:*



1 *1. Energy is essential to the economy of this State and to the*
2 *health, safety and welfare of the residents of this State.*

3 *2. The State has a responsibility to encourage the*
4 *maintenance of a reliable and economical supply of energy at a*
5 *level which is consistent with the protection of the quality of the*
6 *environment of this State.*

7 *3. The State and the public have an interest in encouraging*
8 *electric utilities to promote and take actions toward the*
9 *conservation of energy and the reduction of the consumption of*
10 *energy by consumers in this State.*

11 *4. The State has a responsibility to encourage the*
12 *development of a wide range of standards, goals and programs to*
13 *reduce energy waste by consumers in this State.*

14 *5. Planning for energy conservation and the future energy*
15 *needs of this State should include consideration of state, regional*
16 *and local plans for land use, urban expansion, transportation*
17 *systems, environmental protection and economic development.*

18 *6. It is in the interest of this State and the residents of this*
19 *State that the energy efficiency plans and programs of electric*
20 *utilities should maximize the implementation of cost-effective,*
21 *achievable energy efficiency opportunities.*

22 *7. The reduction of the consumption of energy by consumers*
23 *in this State conserves water, reduces carbon dioxide and other*
24 *emissions and is essential to the economy of this State and to the*
25 *health, safety and welfare of the residents of this State.*

26 **Sec. 10. 1. The Commission shall establish by regulation**
27 **for each electric utility goals for energy savings resulting from**
28 **energy efficiency programs implemented by the electric utility**
29 **each year, which must be included in the resource plan filed by**
30 **the electric utility pursuant to NRS 704.741.**

31 **2. The Commission may:**

32 **(a) Modify a goal for energy savings it has previously**
33 **established for an electric utility.**

34 **(b) Upon receipt of a petition submitted by an electric utility,**
35 **temporarily lower a goal for energy savings it has previously**
36 **established for the electric utility if the electric utility demonstrates**
37 **that economic reasons which are not reasonably within the control**
38 **of the electric utility will prevent the electric utility from meeting**
39 **the goal for energy savings established pursuant to subsection 1.**

40 **3. Upon establishment or modification by the Commission of**
41 **a goal for energy savings for an electric utility pursuant to this**
42 **section, the affected electric utility may file an amendment to its**
43 **most recent resource plan filed pursuant to NRS 704.741 to**
44 **incorporate the goal for energy savings into the resource plan.**



1 4. *Each electric utility shall develop and include in its most*
2 *recent resource plan filed pursuant to NRS 704.741 an energy*
3 *efficiency plan that:*

4 (a) *Is designed to meet or exceed the goals for energy savings*
5 *established by the Commission pursuant to this section;*

6 (b) *Includes one or more energy efficiency programs; and*

7 (c) *Is cost effective.*

8 5. *In approving an energy efficiency plan developed by an*
9 *electric utility to meet the goals for energy savings established by*
10 *the Commission pursuant to this section, the Commission shall*
11 *approve an energy efficiency plan that is:*

12 (a) *Designed to meet or exceed the goals for energy savings*
13 *established by the Commission pursuant to this section; and*

14 (b) *Cost effective.*

15 6. *The Commission may approve an energy efficiency plan*
16 *submitted pursuant to NRS 704.741 that consists of energy*
17 *efficiency and conservation programs that are not cost effective if*
18 *the Commission determines that the energy efficiency plan as a*
19 *whole is cost effective.*

20 7. *Unless the Commission determines that it is not cost*
21 *effective, any energy efficiency plan approved by the Commission*
22 *must provide that not less than 5 percent of the total expenditures*
23 *related to energy efficiency programs must be directed to energy*
24 *efficiency programs for low-income customers of the electric*
25 *utility.*

26 **Sec. 11.** (Deleted by amendment.)

27 **Sec. 12.** NRS 704.785 is hereby amended to read as follows:

28 704.785 1. The Commission shall adopt regulations
29 authorizing an electric utility to recover an amount based on the
30 measurable and verifiable effects of the implementation by the
31 electric utility of energy efficiency and conservation programs
32 approved by the Commission, which:

33 (a) Must include:

34 (1) The costs reasonably incurred by the electric utility in
35 implementing and administering the energy efficiency and
36 conservation programs; and

37 (2) Any financial disincentives relating to other supply
38 alternatives caused or created by the reasonable implementation of
39 the energy efficiency and conservation programs; and

40 (b) May ~~include any financial incentives to support the~~
41 ~~promotion of~~, *if the Commission determines that it will serve the*
42 *public interest by removing financial disincentives which*
43 *discourage an electric utility from implementing or promoting the*
44 *participation of the customers of the electric utility in ~~the~~ energy*
45 *efficiency and conservation programs ~~+~~, include a rate adjustment*



1 *mechanism to ensure that the revenue per customer authorized in*
2 *a general rate application is recovered without regard to the*
3 *difference in the quantity of electricity actually sold by the electric*
4 *utility subsequent to the date on which the rates take effect. A rate*
5 *adjustment mechanism adopted pursuant to this paragraph may*
6 *apply to one or more rate classes.*

7 2. When considering whether to approve an energy efficiency
8 or conservation program proposed by an electric utility as part of a
9 plan filed pursuant to NRS 704.741, the Commission shall consider
10 the effect of any recovery by the electric utility pursuant to this
11 section on the rates of the customers of the electric utility.

12 3. ~~The regulations adopted pursuant to this section must not:~~
13 ~~—(a) Affect the electric utility's incentives and allowed returns in~~
14 ~~areas not affected by the implementation of energy efficiency and~~
15 ~~conservation programs; or~~

16 ~~—(b) Authorize the electric utility to earn more than the rate of~~
17 ~~return authorized by the Commission in the most recently completed~~
18 ~~rate case of the electric utility.~~

19 ~~4.~~ As used in this section, "electric utility" has the meaning
20 ascribed to it in NRS 704.187.

21 **Sec. 13.** This act becomes effective:

22 1. Upon passage and approval for the purpose of adopting
23 regulations and performing any preparatory administrative tasks
24 necessary to carry out the provisions of this act; and

25 2. On July 1, 2017, for all other purposes.



