

**PROPOSED REGULATION OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

LCB File No. R053-15

Docket No. 13-06020

July 6, 2015

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

AUTHORITY: NRS 233B.040, 703.025, 704.210 and 704.7828.

A REGULATION amending, adopting and repealing regulations pertaining to Chapter 704 of the Nevada Administrative Code with regard to the portfolio standard and portfolio energy credits.

Section 1. NAC 704.8875 is hereby amended to read as follows:

1. In calculating the total kilowatt-hours that a provider generates, acquires or saves from portfolio energy systems or efficiency measures during a compliance year, the provider may use the following kilowatt-hours if the provider has complied with all requirements for inclusion of the kilowatt-hours in its calculation:

~~1-1~~ *(a)* Any kilowatt-hours generated by the provider from its own renewable energy systems during the compliance year;

~~1-2~~ *(b)* Any kilowatt-hours acquired or saved by the provider during the compliance year pursuant to long-term portfolio energy credits contracts, long-term renewable energy contracts, short-term portfolio energy credits contracts, short-term renewable energy contracts or energy efficiency contracts;

~~1-3~~ *(c)* Any equivalent kilowatt-hours attributable to the provider during the compliance year from solar thermal systems;

~~4.1~~ (d) Any kilowatt-hours that are deemed to be electricity that the provider generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard pursuant to paragraph (a) of subsection 3 of NRS 704.775, subsection 3 of NRS 704.7821 or subsection 3 of NRS 704.78213 and any excess kilowatt-hours fed back to the provider during the compliance year from net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive;

~~5.1~~ (e) Any kilowatt-hours saved during the compliance year as a result of an energy efficiency measure, subject to the limitations set forth in NRS 704.7821 and 704.78213, as applicable;

~~6.1~~ (f) Any kilowatt-hours that the provider is authorized to carry forward from previous compliance years; and

~~7.1~~ (g) Any kilowatt-hours derived from portfolio energy credits issued to the provider by the Commission pursuant to NRS 701B.290, 701B.640 or 701B.870.

2. In calculating the total number of kilowatt-hours that a utility provider generates, acquires or saves from portfolio energy systems or energy efficiency measures during a compliance year, the utility provider may not use the following kilowatt-hours:

(a) Any kilowatt-hour retired as a result of customer participation in a voluntary option to purchase all or a portion of the customer's energy from renewable resources; and

(b) Any kilowatt-hour sold pursuant to subsection 2 of NRS 704.7828.

Sec. 2. NAC 704.8879 is hereby amended to read as follows:

2. The annual report must set forth:

(e) *The total number of kilowatt-hours that the provider:*

(1) Retired as a result of customer participation in a voluntary option to purchase all or a portion of the customer's energy from renewable resources; and

(2) Sold pursuant to subsection 2 of NRS 704.7828.

(f) The total number of kilowatt-hours that the provider:

(1) Carried forward as excess from the previous compliance years;

(2) Intends to carry forward as excess from the most recently completed compliance year;

(3) Intends to carry forward as excess from previous compliance years, indicating the amount from each separate year;

(4) Carried forward as deficiencies from previous compliance years;

(5) Intends to carry forward as deficiencies from the most recently completed compliance year; and

(6) Intends to carry forward as deficiencies from previous compliance years, indicating the amount from each separate year.

~~(f)~~ (g) The estimated number of kilowatt-hours that the provider expects to sell to its retail customers in this State during the current compliance year.

~~(g)~~ (h) The estimated number of kilowatt-hours that the provider must generate, acquire, or save from portfolio energy systems or efficiency measures to comply with its portfolio standard for the current compliance year, as calculated by the provider pursuant to NAC 704.8877.

~~(h)~~ (i) If the provider is a utility provider, the estimated costs for the utility provider to comply with its portfolio standard for the current compliance year. If appropriate, the utility provider must report such estimated costs for each major type of cost, such as general and administrative costs and costs for purchased power.

Sec. 3. NAC 704.8881 is hereby amended to read as follows:

2. If the Commission determines that the provider complied with its portfolio standard during the most recently completed compliance year, the Commission will determine whether the provider is authorized to carry forward any excess kilowatt-hours pursuant to NRS 704.7828. If the Commission determines that the total number of kilowatt-hours which the provider generated, acquired or saved from portfolio energy systems or efficiency measures during the most recently completed compliance year exceeded the total number of kilowatt-hours which the provider needed to comply with its portfolio standard for that compliance year:

(a) The Commission will state in its order the number of excess kilowatt-hours which the provider is authorized to carry forward from that compliance year; and

(b) The provider may use those excess kilowatt-hours to comply with its portfolio standard for any following compliance year.

(c) If the provider is a utility provider, the Commission will state in its order the number of excess kilowatt-hours which are:

(1) In excess of 10 percent but less than 25 percent of the amount of portfolio energy credits projected to be necessary to comply with the portfolio standard for the current compliance year based upon the estimated number of kilowatt-hours the utility provider expects to sell; and

(2) In excess of 25 percent of the amount of portfolio energy credits projected to be necessary to comply with the portfolio standard for the current compliance year based upon the estimated number of kilowatt-hours the utility provider expects to sell.

8. *If a utility provider sells any portfolio energy credits pursuant to subsection 2 of NRS 704.7828 in any calendar year in which the Commission determines that the utility provider did not comply with its portfolio standard, and the sale caused the utility provider not to comply with its portfolio standard, the Commission shall not impose an administrative fine on the utility provider if the requirements of subsection 5 of NRS 704.7828 are satisfied.*

9. If the Commission imposes an administrative fine that is assessed against a provider on each kilowatt-hour by which the provider failed to comply with its portfolio standard, the Commission will calculate the administrative fine, on a per kilowatt-hour basis:

(a) For a utility provider, in an amount that is not less than the difference between the just and reasonable average cost per kilowatt-hour to acquire or save electricity pursuant to renewable energy contracts or energy efficiency contract and the overall average cost per kilowatt-hour to generate, acquire and save electricity that is incurred by the utility provider.

(b) For a nonutility provider, in an amount that is not less than the difference between the just and reasonable average cost per kilowatt-hour to acquire or save electricity pursuant to renewable energy contracts or energy efficiency contracts and the overall average cost per kilowatt-hour to generate, acquire and save electricity that is incurred by a utility provider designated by the Commission.

Sec. 4. NAC 704.8921 is hereby amended to read as follows:

2. The application must include:

(a) The legal name of the applicant and all other names under which the applicant is doing business in the United States.

(b) The telephone number, mailing address and electronic mail address of the applicant.

- (c) A copy of each business license and certificate issued by this State or any local government of this State which authorizes the applicant to conduct business in this State.
- (d) The name, telephone number, address and electronic mail address of the designated representative, if the applicant is a renewable energy system.
- (e) A map indicating the location of the portfolio energy system or efficiency measure and an electrical one-line diagram indicating the system's interconnection points with the local distribution or transmission system and the location of all generation units, if applicable.
- (f) The type of portfolio energy system or efficiency measure.
- (g) The rating of the electrical capacity of the renewable energy system.
- (h) The date the portfolio energy system *was placed into operation* or efficiency measure was *installed* ~~placed in service~~.
- (i) *The date a provider of electric service first used electricity generated or acquired from the renewable energy system to satisfy its portfolio standard.*
- (j) The estimated yearly generation or savings of electricity by the portfolio energy system or efficiency measure in kilowatt-hours.
- (k) *The estimated yearly generation by the portfolio energy system that will be used by the portfolio energy system for its basic operations. If the portfolio energy system generates electricity from geothermal energy, the estimated yearly generation that will be used by the portfolio energy system for the extraction and transportation of geothermal brine or used to pump or compress geothermal brine.*
- ~~(l)~~ (l) The location and type of metering used by the portfolio energy system or efficiency measure, including either the identification of primary metering and secondary metering at multiple sites or a measurement and verification plan.

~~+(4)~~ (m) If fossil fuel is used as an energy resource to generate electricity, the percentage that fossil fuel bears to the total input of the renewable energy system. If the percentage of fossil fuel is more than 2 percent of the total input, as measured in British thermal units, a statement that indicates whether separate metering is practical.

~~+(4)~~ (n) Proof that the applicant is a portfolio energy system or efficiency measure or an owner of portfolio energy credits.

~~+(m)~~ (o) A signature page signed by an authorized agent of the portfolio energy system or efficiency measure which states that the portfolio energy system or efficiency measure consents to the jurisdiction of the Commission for the purposes of participating in the system of portfolio energy credits.

Sec. 5. NAC 704.8927 is hereby amended to read as follows:

2. Except as otherwise provided in subsections 3 to ~~+(2)~~ 13, inclusive, the Administrator shall certify portfolio energy credits to a portfolio energy system or efficiency measure for:

(a) The net ~~metered~~ output of electricity in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net ~~metered~~ output must be provided to the Administrator by the entity that owns, operates or controls the meters used to monitor the net ~~metered~~ output of electricity of the renewable energy system.

(b) ~~+(The difference between the metered generation of electricity in kilowatt hours and the net metered output of electricity set forth in paragraph (a).)~~ *The amount of electricity used by the portfolio energy system for its basic operations as set forth in NRS 704.78215, provided that such system:*

(1) Is placed into operation on or before December 31, 2015; or

(2) Is placed into operation on or after January 1, 2016, and a provider entered into a contract for the purchase of electricity generated by the portfolio energy system on or before December 31, 2012.

For the purposes of this paragraph, the date the system is placed into operation is the date such system, defined by the system's capacity and estimated yearly generation, is placed into commercial operation.

(c) The amount of electricity used by a portfolio energy system that generates electricity from geothermal energy for the extraction and transportation of geothermal brine or used to pump or compress geothermal brine.

↪ Unless otherwise provided for in a contract for renewable energy, the portfolio energy credits certified by the Administrator pursuant to ~~this~~ paragraphs *(b) and (c) of this subsection* must be awarded to the owner of the renewable energy system.

3. The Administrator shall certify portfolio energy credits for the line loss factor of:

(a) A customer-maintained distributed renewable energy system *placed into operation on or before December 31, 2015*, by multiplying the metered number of kilowatt-hours generated and used by the customer who is served by the customer-maintained distributed renewable energy system by a factor of 1.05; and

(b) An energy efficiency measure by multiplying the number of kilowatt-hours saved by the energy efficiency measure by a factor of 1.05.

↪ *The date the system is placed into operation is the date such system, defined by the system's capacity and estimated yearly generation, is installed on the premises of a customer and energized.*

4. *For solar energy systems placed into operation on or before December 31, 2015, and described in NRS 701B.150, ~~the~~ the Administrator shall certify portfolio energy credits for participants in the Solar Energy Systems Incentive Program created in NRS 701B.240 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4. The date the system is placed into operation is the date such system, defined by the system's capacity and estimated yearly generation, is installed on the premises of a participant in the Solar Energy Systems Incentive Program and energized.*

5. *For solar photovoltaic systems placed into operation on or before December 31, 2015, and described in NRS 704.7822, ~~the~~ the Administrator shall certify portfolio energy credits ~~for solar photovoltaic systems described in NRS 704.7822~~ by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4. The date the system is placed into operation is the date such system, defined by the system's capacity and estimated yearly generation, is installed on the premises of a retail customer and energized.*

6. The Administrator shall certify portfolio energy credits for a system that uses a reverse polymerization process described in NRS 704.7283 by multiplying the actual kilowatt-hours produced by the renewable energy system by a factor of 0.7.

7. The Administrator shall certify portfolio energy credits for electricity saved by a utility provider or provider of new electric resources during its peak load periods, as defined in the applicable approved tariffs, from energy efficiency measures described in NRS 704.7802, by multiplying each kilowatt-hour of electricity saved by the utility provider during its peak load period from energy efficiency measures by a factor of 2.0.

12. If the Administrator is required by subsections 4 to 7, inclusive, to apply a multiplier in certifying portfolio energy credits for a portfolio energy system or efficiency measure and he or she determines that more than one multiplier may be applicable to the portfolio energy system or efficiency measure, the Administrator shall only apply the largest applicable multiplier in certifying the portfolio energy credits.

13. *The Administrator shall certify portfolio energy credits for electricity saved from energy efficiency measures only for the period that such savings from energy efficiency measures can be used to satisfy a provider's portfolio standard pursuant to NRS 704.7821.*

14. As used in this section:

(a) "Customer-maintained distributed renewable energy system" means a facility or energy system which:

- (1) Is used and maintained by an end-use customer;
- (2) Uses renewable energy to generate electricity;
- (3) Does not use the utility's system to transmit or distribute electricity; and
- (4) Uses a meter and other equipment to:
 - (I) Measure the electricity generated by the energy system; and
 - (II) Reduce part, but not more than all, of the electrical load of the customer.

(b) "Geothermal energy system" means an energy system that provides geothermally heated water to one or more customers and reduces the consumption of electricity or any fossil fuel.

(c) "Reverse polymerization process" has the meaning ascribed to it in NRS 704.7283.

(d) "Solar thermal energy system" means a renewable energy system that uses solar energy for the purpose of producing heat to reduce directly the consumption of electricity, natural gas or propane.

Sec. 6. Chapter 704 of NAC is hereby amended by adding thereto a new section to read as follows:

1. A utility provider may submit an application for approval of a sale of portfolio energy credits.

2. An application filed pursuant to this section shall be either approved or denied by the Commission within 60 days after it is filed if:

(a) The utility provider possesses more than 10 percent of the amount of portfolio energy credits necessary to comply with its portfolio energy standard for the subsequent calendar year; and

(b) The amount of portfolio energy credits to be sold constitutes less than 50 percent of the portfolio energy credits in excess of the amount necessary to comply with the portfolio standard for the subsequent calendar year.

3. The Commission shall provide notice of the application to the Bureau of Consumer Protection and the parties that participated as interveners in the utility provider's most recent integrated resource plan proceedings filed pursuant to NRS 704.741(1). No later than 10 business days after issuance of the notice, interested parties may file with the Commission written comments regarding the application.

4. A sale made without receiving approval of the Commission pursuant to this section shall receive a presumption of prudence of the decision to sell if the utility provider has more than 25 percent of the amount of PECs necessary to comply with the portfolio standard for the subsequent calendar year.

5. Approval of an application shall constitute a finding that the decision to sell and the price received for the sale are prudent.