

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

LCB File No. R029-22

May 4, 2022

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

AUTHORITY: §§ 1-4, NRS 704B.335.

A REGULATION relating to energy; establishing a procedure for an eligible customer who purchases energy, capacity or ancillary services from a provider of new electric resources to apply to the Public Utilities Commission of Nevada for approval to purchase bundled electric service from an electric utility; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Public Utilities Commission of Nevada to adopt regulations establishing a procedure for an eligible customer who is purchasing energy, capacity or ancillary services from a provider of new electric resources to apply to the Commission to purchase bundled electric service from an electric utility. (NRS 704B.335) **Section 3** of this regulation requires an eligible customer who is purchasing energy, capacity or ancillary services from a provider of new electric resources to apply to the Commission, jointly with an electric utility, for approval to purchase bundled electric service from the electric utility and prescribes the contents of such an application. **Section 3** establishes the timeline for the approval of an application by the Commission and provides that an order of the Commission approving an application may contain any terms and conditions that the Commission deems necessary to ensure that the purchase of bundled electric service will not harm existing customers of the electric utility. **Section 3** requires the eligible customer and electric utility, thereafter, to notify the Commission as to whether the purchase of bundled electric service will proceed under the terms and conditions approved by the Commission.

Section 2 of this regulation defines “bundled electric service.” **Section 4** of this regulation makes a conforming change to indicate the proper placement of **section 2** in the Nevada Administrative Code.

Section 1. Chapter 704B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 and 3 of this regulation.

Sec. 2. *“Bundled electric service” means the provision of energy, capacity, ancillary services, transmission and distribution services by an electric utility.*

Sec. 3. 1. *An eligible customer who is purchasing energy, capacity or ancillary services from a provider of new electric resources must apply to the Commission, jointly with an electric utility, for approval to purchase bundled electric service from the electric utility.*

2. *An application filed pursuant to subsection 1 must include:*

(a) The name and contact information of the eligible customer.

(b) The current point of receipt and points of delivery of the eligible customer.

(c) The proposed date on which the eligible customer intends to begin purchasing bundled electric service from the electric utility.

(d) The amount of energy, capacity and ancillary services to be purchased by the eligible customer from the electric utility, including the foreseeable load growth for each point of delivery, the estimated number of megawatts or megawatt-hours to be delivered and load ramps, if any.

(e) The schedule under which the eligible customer is proposed to be served, or, if the eligible customer is to be served pursuant to an energy supply agreement, a copy of the proposed agreement.

(f) Evidence demonstrating that the eligible customer’s proposed purchase of bundled electric service will not harm existing customers of the electric utility. The evidence required by this paragraph must include, without limitation:

(1) Information regarding the effect of the proposed bundled electric service on the reliability of the electric service provided to existing customers of the electric utility, including, without limitation, information demonstrating that the electric utility has or will have

sufficient resources to provide the proposed bundled electric service, with identification of any additional resources that the electric utility intends to secure to serve the eligible customer; and

(2) Information regarding the effect that providing bundled electric service to the eligible customer will have on the ability of the electric utility to comply with its renewable portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive, and to achieve reductions in greenhouse gas emissions, including, without limitation:

(I) Whether and the amount by which the greenhouse gas emissions of the electric utility will increase as a result of providing bundled electric service to the eligible customer for the next 5 years and the next 10 years;

(II) Any actions the electric utility can take to reduce greenhouse gas emissions while serving the eligible customer and the costs of such actions; and

(III) Whether the electric utility will require additional portfolio energy credits to comply with its portfolio standard, any actions the utility can take to obtain additional portfolio energy credits and the cost of such actions.

(g) If the eligible customer will be served pursuant to an energy supply agreement, evidence demonstrating that the proposed purchase of bundled electric service will not harm existing customers of the electric utility and that the revenues and benefits derived from providing the proposed bundled electric service equal or outweigh the costs of providing such service to the eligible customer. The evidence required by this paragraph must include, without limitation:

(1) Information regarding the cost of providing the proposed bundled electric service to the eligible customer, including, without limitation, the system costs of any additions to the

supply resources of the electric utility required to serve the load of the eligible customer and the production costs associated with the operation of the expanded supply system;

(2) Information regarding the revenues associated with providing the proposed bundled electric service to the eligible customer;

(3) Information quantifying the benefits that will be achieved by the electric utility or other customers of the electric utility as a result of the proposed purchase of bundled electric service;

(4) Information regarding any proposed renewable energy resources that will be used to serve the eligible customer;

(5) A comparison of the pricing in the energy supply agreement to the net present value of the projected purchases of comparable commodities over the proposed duration of the agreement, calculated using publically-available prices at the physical trading hub nearest to the point of delivery; and

(6) Any other information that the applicants believe will assist the Commission in evaluating the net impacts of the proposed purchase on existing customers.

(h) Any workpapers in an electronic executable file format.

3. An eligible customer who submits an application pursuant to this section shall serve any workpapers which are included in the application pursuant to paragraph (h) of subsection 2 on the Regulatory Operations Staff and the Bureau of Consumer Protection in an electronic executable file format.

4. The Commission will approve, with or without modifications, or deny an application filed pursuant to this section:

(a) If the application is not required to include the information described in paragraph (g) of subsection 2, not later than 135 days after the application is filed with the Commission; or

(b) If the application is required to include the information described in paragraph (g) of subsection 2, not later than 180 days after the application is filed with the Commission.

5. In an order approving an application filed pursuant to this section, with or without modifications, the Commission may order such terms and conditions as it deems necessary to ensure that the purchase of bundled electric service from an electric utility by the eligible customer does not harm existing customers of the electric utility. Those terms and conditions may include, without limitation:

(a) A requirement that the eligible customer pay the full margin rates, charges and fees that the eligible customer would be required to pay as a customer of bundled electric service pursuant to the customer-class-specific rate schedules that are applicable to the electric utility's customers of bundled electric service who are not served under an energy supply agreement.

(b) A requirement that the eligible customer pay its load-ratio share of the cost of programs or other investments that are necessary to achieve legislatively-mandated public policy objectives.

(c) Provisions necessary to protect existing customers from the risk of inadequate energy supply, including, without limitation, provisions:

(1) Delaying the effective date of the bundled electric service; or

(2) Requiring the eligible customer to take service under the tariff approved by the Commission pursuant to NRS 704B.330 until such time as the adequacy of resources can be established.

(d) Provisions necessary to protect existing customers from risks associated with potential increases in the costs of serving the eligible customer in the future, including, without limitation:

(1) A shortened effective period for any energy supply agreement between the eligible customer and the electric utility;

(2) A mechanism to adjust prices in response to the actual cost of serving the eligible customer or according to an index selected by the Commission; and

(3) A mechanism that shifts to the electric utility the risk of any undercollection of revenue necessary to offset the costs of serving the eligible customer.

6. Not later than 30 days after the issuance of a final order approving an application pursuant to this section, with or without modifications, the applicants shall file with the Commission a notice stating whether the applicants intend to proceed with the proposed purchase of bundled electric service under the terms and conditions approved by the Commission.

7. In an order approving an application filed pursuant to this section, with or without modifications, the Commission may provide multiple options for terms and conditions that will ensure that the purchase of bundled electric service from the electric utility by the eligible customer will not harm existing customers of the electric utility. If the Commission provides multiple options for terms and conditions, the applicants shall identify which option, if any, the applicants consent to in the notice filed pursuant to subsection 6. Once a final order has been issued by the Commission and the applicants have consented to a particular option for applicable terms and conditions, the applicants may not select a different option without

obtaining approval from the Commission to modify the applicable terms and conditions of the bundled electric service provided to the eligible customer.

8. As used in this section:

(a) “Application” means an application filed pursuant to subsection 1.

(b) “Portfolio energy credit” has the meaning ascribed to it in NRS 704.7803.

(c) “Portfolio standard” has the meaning ascribed to it in NRS 704.7805.

Sec. 4. NAC 704B.010 is hereby amended to read as follows:

704B.010 As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 704B.020 to 704B.145, inclusive, *and section 2 of this regulation* have the meanings ascribed to them in those sections.