

Assembly Bill 206
Proposed Amendment
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Submitted by: NV Energy

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Intent: Provide the state with progressive renewable energy goals that are attainable.

1. The first amendment provides that compliance with a stricter Renewable Portfolio Standard (RPS) will be measured by a three-year average, which recognizes the risks in renewable energy project development and the lumpiness of utility-scale renewable energy projects.
2. The second amendment deletes proposed language and will maintain the current RPS targets for 2018 and 2019, adjusts the target percentage for calendar years 2020 and 2021 and removes specified targets for the remaining years through 2025.
3. The third amendment provides for protection for the provider against a finding of non-compliance for events outside of the provider's control, such as the rejection of a proposed renewable energy contract or renewable energy facility by the Public Utilities Commission of Nevada, and delays in the completion of a renewable energy facility that is being constructed by a third party to fulfill a renewable energy contract with the provider.
4. The fourth amendment provides that the obligations of the utilities specified in this section will terminate if the Energy Choice Initiative, is approved by voters at the general election in 2018 or if the legislature enacts laws that cause electric markets in Nevada to become open and competitive.
5. The fifth amendment accomplishes two things. First, subsection 2 of the new Section 7 will place the utility on equal footing with non-utility developers by allowing the energy generated by a project it owns to be priced through alternative pricing mechanisms, which will enable the utility to qualify for federal investment tax credits. Second, subsection 3 authorizes the creation of an optional program under which utility customers can buy energy from a renewable generator owned or under contract with the utility under certain conditions.
6. The sixth amendment removes the current statutory prohibition against the use for RPS compliance of energy generated by a portfolio energy facility that is used internally at the facility. This usage is commonly referred to as "station use," and is commonly seen at geothermal energy facilities.

AMENDMENT:

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of **green bold underlining** is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment. (5) **orange double underlining** is deleted language in the original bill proposed to be retained in this amendment;

1. Amend Section 3 (p. 4, line 13 through p.7, line 28) as follows:

13 **Sec. 3.** NRS 704.7821 is hereby amended to read as follows:

14 704.7821 1. As used in this section, “compliance period” means the calendar year and the immediately preceding two calendar years. Compliance with the portfolio standard established in subsection two of this section is measured by determining the average number of portfolio energy credits generated, acquired, or saved during each year of the compliance period.

2. For each provider of electric service, the

15 Commission shall establish a portfolio standard. The portfolio
16 standard must require each provider to generate, acquire or save
17 electricity from portfolio energy systems or efficiency measures in
18 an amount for each compliance period that is:

19 (a) For calendar years 2005 and 2006, not less than 6 percent of
20 the total amount of electricity sold by the provider to its retail
21 customers in this State during that calendar year.

22 (b) For calendar years 2007 and 2008, not less than 9 percent of
23 the total amount of electricity sold by the provider to its retail
24 customers in this State during that calendar year.

25 (c) For calendar years 2009 and 2010, not less than 12 percent
26 of the total amount of electricity sold by the provider to its retail
27 customers in this State during that calendar year.

28 (d) For calendar years 2011 and 2012, not less than 15 percent
29 of the total amount of electricity sold by the provider to its retail
30 customers in this State during that calendar year.

31 (e) For calendar years 2013 and 2014, not less than 18 percent
32 of the total amount of electricity sold by the provider to its retail
33 customers in this State during that calendar year.

34 (f) For calendar years 2015 through ~~2017~~ 2019, inclusive, not
35 less than 20 percent of the total amount of electricity sold by the
36 provider to its retail customers in this State during that calendar
37 year.

38 (g) ~~For calendar years [2020 through 2024, inclusive,] 2018 and
39 2019, not less than [22] 26 percent of the total amount of electricity
40 sold by the provider to its retail customers in this State during that
41 calendar year.~~

42 ~~(h)~~ For calendar years 2020 and 2021, not less than ~~30~~ 22 percent
43 of the total amount of electricity sold by the provider to its retail
44 customers in this State during that calendar year.

1 ~~(h)~~ *For calendar years 2022 and 2023, not less than ~~34~~ XX percent
2 of the total amount of electricity sold by the provider to its retail
3 customers in this State during that calendar year.*

4 ~~(i)~~ *For calendar years 2024 and 2025, not less than ~~38~~ XX percent
5 of the total amount of electricity sold by the provider to its retail
6 customers in this State during that calendar year.*

7 ~~(j)~~ *For calendar years 2026 and 2027, not less than ~~42~~XX percent*
8 *of the total amount of electricity sold by the provider to its retail*
9 *customers in this State during that calendar year.*

10 ~~(k)~~ *For calendar years 2028 and 2029, not less than ~~46~~XX percent*
11 *of the total amount of electricity sold by the provider to its retail*
12 *customers in this State during that calendar year.*

13 ~~(l)~~ For calendar year ~~[2025]~~ 20XX and for each calendar year
14 thereafter, not less than ~~[25]~~ 50XX percent of the total amount of
15 electricity sold by the provider to its retail customers in this State
16 during that calendar year.

17 ~~23~~. In addition to the requirements set forth in subsection 1, the
18 portfolio standard for each provider must require that:

19 (a) ~~[Of the total amount of electricity that the provider is~~
20 ~~required to generate, acquire or save from portfolio energy systems~~
21 ~~or efficiency measures during each calendar year, not less than:~~

22 ~~(1) For calendar years 2009 through 2015, inclusive, 5~~
23 ~~percent of that amount must be generated or acquired from solar~~
24 ~~renewable energy systems.~~

25 ~~(2) For calendar year 2016 and for each calendar year~~
26 ~~thereafter, 6 percent of that amount must be generated or acquired~~
27 ~~from solar renewable energy systems.~~

28 ~~(b)~~ Of the total amount of electricity that the provider is
29 required to generate, acquire or save from portfolio energy systems
30 or efficiency measures:

31 (1) During calendar years 2013 and 2014, not more than 25
32 percent of that amount may be based on energy efficiency measures;

33 (2) During each calendar year 2015 to 2019, inclusive, not
34 more than 20 percent of that amount may be based on energy
35 efficiency measures;

36 (3) During each calendar year 2020 to 2024, inclusive, not
37 more than 10 percent of that amount may be based on energy
38 efficiency measures; and

39 (4) For calendar year 2025 and each calendar year thereafter,
40 no portion of that amount may be based on energy efficiency
41 measures.

42 → If the provider intends to use energy efficiency measures to
43 comply with its portfolio standard during any calendar year, of the
44 total amount of electricity saved from energy efficiency measures
45 for which the provider seeks to obtain portfolio energy credits
1 pursuant to this paragraph, at least 50 percent of that amount must
2 be saved from energy efficiency measures installed at service
3 locations of residential customers of the provider, unless a different
4 percentage is approved by the Commission.

5 ~~(e)~~ (b) If the provider acquires or saves electricity from a
6 portfolio energy system or efficiency measure pursuant to a
7 renewable energy contract or energy efficiency contract with
8 another party:

9 (1) The term of the contract must be not less than 10 years,
10 unless the other party agrees to a contract with a shorter term; and
11 (2) The terms and conditions of the contract must be just and
12 reasonable, as determined by the Commission. If the provider is a
13 utility provider and the Commission approves the terms and
14 conditions of the contract between the utility provider and the other
15 party, the contract and its terms and conditions shall be deemed to
16 be a prudent investment and the utility provider may recover all just
17 and reasonable costs associated with the contract.

18 ~~3~~4. If, for the benefit of one or more retail customers in this
19 State, the provider has paid for or directly reimbursed, in whole or
20 in part, the costs of the acquisition or installation of a solar energy
21 system which qualifies as a renewable energy system and which
22 reduces the consumption of electricity, the total reduction in the
23 consumption of electricity during each calendar year that results
24 from the solar energy system shall be deemed to be electricity that
25 the provider generated or acquired from a renewable energy system
26 for the purposes of complying with its portfolio standard.

27 ~~4~~5. The Commission shall adopt regulations that establish a
28 system of portfolio energy credits that may be used by a provider to
29 comply with its portfolio standard.

30 ~~5~~6. Except as otherwise provided in subsection 6, each provider
31 shall comply with its portfolio standard during each ~~calendar year~~ **the compliance period**.

32 ~~6~~7. If, for any **compliance period** ~~calendar year~~, a provider is unable to comply with
33 its portfolio standard through the generation of electricity from its
34 own renewable energy systems or, if applicable, through the use of
35 portfolio energy credits, the provider shall take actions to acquire or
36 save electricity pursuant to one or more renewable energy contracts
37 or energy efficiency contracts. If the Commission determines that,
38 for a **compliance period** ~~calendar year~~,

(a) ~~†~~ There is not or will not be a sufficient supply of
39 electricity or a sufficient amount of energy savings made available
40 to the provider pursuant to renewable energy contracts and energy
41 efficiency contracts with just and reasonable terms and conditions;

(b) The Commission's rejection of new renewable energy contracts or projects proposed by the provider in a plan filed pursuant to NRS 704.741 or an amendment to that plan resulted in the provider being unable to obtain a sufficient amount of electricity; or,

(c) A delay in the completion of a renewable energy facility under the control of a third party that was intended to provide electricity to the provider under a renewable energy contract resulted in the provider being unable to obtain a sufficient amount of electricity,

42 the Commission shall exempt the provider, for that **compliance period** ~~calendar year~~,
43 from the remaining requirements of its portfolio standard or from
44 any appropriate portion thereof, as determined by the Commission.

45 ~~7~~8. The Commission shall adopt regulations that establish:

1 (a) Standards for the determination of just and reasonable terms
2 and conditions for the renewable energy contracts and energy
3 efficiency contracts that a provider must enter into to comply with

4 its portfolio standard.

5 (b) Methods to classify the financial impact of each long-term
6 renewable energy contract and energy efficiency contract as an
7 additional imputed debt of a utility provider. The regulations must
8 allow the utility provider to propose an amount to be added to the
9 cost of the contract, at the time the contract is approved by the
10 Commission, equal to a compensating component in the capital
11 structure of the utility provider. In evaluating any proposal made by
12 a utility provider pursuant to this paragraph, the Commission shall
13 consider the effect that the proposal will have on the rates paid by
14 the retail customers of the utility provider.

15 ~~9. The obligations of utilities specified in this Section shall terminate if the Energy
Choice Initiative contained in Question 3 (2016) passes in 2018, or if laws are adopted that
cause the electric markets in Nevada to become open and competitive. [Except as otherwise
provided in NRS 704.78213, the~~

16 ~~provisions of this section do not apply to a provider of new electric
17 resources as defined in NRS 704B.130.]~~

18 10. As used in this section:

19 (a) “Energy efficiency contract” means a contract to attain
20 energy savings from one or more energy efficiency measures
21 owned, operated or controlled by other parties.

22 (b) “Renewable energy contract” means a contract to acquire
23 electricity from one or more renewable energy systems owned,
24 operated or controlled by other parties.

25 (c) “Terms and conditions” includes, without limitation, the
26 price that a provider must pay to acquire electricity pursuant to a
27 renewable energy contract or to attain energy savings pursuant to an
28 energy efficiency contract.

2. Amend Section 7 to read as follows:

Sec.7. NRS Chapter 704 is amended by adding thereto a new section to read as follows:

1. For purposes of this section, “renewable energy facility” has the meaning ascribed to it by NRS 704.7315.

2. With respect to a renewable energy facility owned by an electric utility, the Commission may, upon request of such utility, exclude the asset from the utility's rate base and establish, without regard to cost-of-service principles, a reasonable price for energy produced by the facility. For the purpose of this section, the Commission may determine that the price is reasonable by reference to (a) a competitive solicitation, (b) a market index, or (c) other relevant pricing benchmarks or proxies.

3. With respect to a renewable energy facility either owned by or under contract with an electric utility, the Commission may authorize the utility to establish an optional program for retail customers to purchase energy produced by such facility without regard to NRS 704.738, provided that the Commission determines (a) the price charged for energy purchased pursuant to such program is reasonable, (b) the program does not adversely affect customers who do not participate in the program, and (c) the program advances the economic and renewable energy development goals of the State of Nevada.

Sec. 8. This act becomes effective on July 1, 2017.

3. Add a new Section to the bill to read as follows:

Sec. X. NRS 704.78215 is amended to read as follows:

1. Except as otherwise provided in this section or by specific statute, a provider is entitled to one portfolio energy credit for each kilowatt-hour of electricity that the provider generates, acquires or saves from a portfolio energy system or efficiency measure.

2. The Commission may adopt regulations that give a provider more than one portfolio energy credit for each kilowatt-hour of electricity saved by the provider during its peak load period from energy efficiency measures.

~~3. Except as otherwise provided in this subsection, for portfolio energy systems placed into operation on or after January 1, 2016, the amount of electricity generated or acquired from a portfolio energy system does not include the amount of any electricity used by the portfolio energy system for its basic operations that reduce the amount of renewable energy delivered to the transmission grid for distribution and sale to customers of the provider. The provisions of this subsection do not apply to a portfolio energy system placed into operation on or after January 1, 2016, if 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 subsection, the amount of any electricity used by a portfolio energy system for its basic operations:~~

~~(a) Except as otherwise provided in paragraph (b), includes electricity used for the heating, lighting, air conditioning and equipment of a building located on the site of the portfolio energy system, and for operating any other equipment located on such site.~~

~~(b) Does not include the 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.~~