
Senate Commerce, Labor and Energy

This measure may be considered for action during today's work session.

June 3, 2017

ASSEMBLY BILL 206 (R1)

Revises provisions relating to the renewable portfolio standard. (BDR 58-746)

Sponsored by: Assembly Members Brooks, Frierson, Yeager, McCurdy II, and Watkins

Date Heard: May 26, 2017

Fiscal Impact: Effect on Local Government: No.
Effect on the State: Yes.

Assembly Bill 206 revises the portfolio standard for Calendar Year 2018 and each calendar year thereafter so that by Calendar Year 2030 and for each calendar year thereafter, each provider of electric service will be required to generate, acquire, or save electricity from renewable energy systems or efficiency measures not less than 50 percent of the total amount of electricity sold by the provider to its retail customers during that calendar year. The bill eliminates the minimum percentage required to be generated or acquired from solar renewable energy systems and revises, for the purposes of complying with the portfolio standard, certain provisions relating to the calculation of the total amount of electricity sold by a provider to retail customers in this State. The measure also modifies the qualifications of a renewable energy system for purposes of the portfolio standard.

Additionally, A.B. 206 allows certain providers of new electric resources to satisfy up to 25 percent of their portfolio standard requirement using energy efficiency measures. It further allows energy storage systems to generate credits that can be used for compliance with the portfolio standard; electricity providers subject to the portfolio standard can only use storage systems to meet 10 percent of their compliance obligation. Assembly Bill 206 also makes changes to the way geothermal plants gain portfolio energy credits.

Finally, A.B. 206 requires certain providers of electric service to submit annual reports demonstrating progress toward compliance with the portfolio standard to the Director of the Office of Energy. It specifies that compliance with the portfolio standard will not make certain providers subject to the jurisdiction of the Public Utilities Commission of Nevada (PUCN), and requires the PUCN to revise certain portfolio standards established for a provider of new electric resources to comply with the revised portfolio standard.

Amendments: Assemblyman Brooks proposes the following amendments (attached mock-up prepared by the Legal Division, Legislative Counsel Bureau):

1. Add Section 1.4 to the bill, which provides the PUCN may authorize, at the request of the electric utility under certain circumstances, an electric utility that owns or has a contract to purchase electricity from a renewable energy facility to establish a program to provide a retail

customer the option to purchase electricity produced by the renewable energy facility.

2. Amend Section 2 of the bill to revise the legislative declaration concerning renewable energy in this State.
3. Delete Section 2.1 of the bill, which limit the facilities or energy systems that qualify as a renewable energy system for the purposes of the portfolio standard. Delete Section 2.9 of the bill, which modified the definition a renewable energy system pursuant to *Nevada Revised Statutes* 704.7815.
4. Amend Section 2.2 of the bill to further clarify those qualified energy storage systems to be used for compliance with the portfolio standard.
5. Amend Section 2.59 of the bill to prohibit the PUCN from rejecting any portion of a resources plan, or a portion of an amendment to such a plan, that includes a new renewable energy contract or the construction or acquisition of a renewable energy facility to comply with the portfolio standard solely on the grounds of any uncertainty relating to a ballot question for the deregulation of the electricity market in Nevada. If such a ballot question is approved, the energy contract or renewable energy facilities approved by the PUCN must be transferred to an electricity provider or the retail customers of an electricity provider.
6. Amend Section 3 of the bill to revise the portfolio standard for Calendar Year 2018 and each calendar year thereafter so that by Calendar Year 2030 and for each calendar year thereafter, each provider of electric service will be required to generate, acquire, or save electricity from renewable energy systems or efficiency measures not less than 40 percent of the total amount of electricity sold by the provider to its retail customers during that calendar year.
7. Delete Section 4.3 of the bill, which revises provisions governing the use of geothermal energy to comply with the portfolio standard.

MOCK-UP

PROPOSED AMENDMENT 5267 TO
ASSEMBLY BILL NO. 206
FIRST REPRINT

PREPARED FOR SENATOR ATKINSON
JUNE 2, 2017

PREPARED BY THE LEGAL DIVISION

**NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN
CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE
OFFICIAL AMENDMENT MAY DIFFER.**

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.

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

- 1 **Section 1.** (Deleted by amendment.)
2 **Sec. 1.3.** Chapter 704 of NRS is hereby amended by adding thereto
3 the provisions set forth as sections ~~1.3~~ *1.4* to 2.5, inclusive, of this act.
4 **Sec. 1.4. 1. *Upon the request of an electric utility, the***
5 ***Commission may exclude a renewable energy facility from the rate base***
6 ***of the electric utility and determine, without regard to cost-of-service***
7 ***principles, a reasonable rate for the electricity produced by the***
8 ***renewable energy facility. The Commission may determine a reasonable***
9 ***rate for such electricity by reference to:***
10 ***(a) A competitive solicitation;***
11 ***(b) A market index; or***
12 ***(c) Other relevant pricing benchmarks or proxies.***
13 **2. *In addition to the program authorized by NRS 704.738, the***
14 ***Commission may authorize an electric utility which owns, or has a***
15 ***contract to purchase electricity from, a renewable energy facility to***
16 ***establish a program to provide a retail customer of the electric utility the***

1 option to purchase electricity produced by the renewable energy facility,
2 if the Commission determines that:

3 (a) The charge for the electricity purchased pursuant to the program
4 is reasonable;

5 (b) The program does not adversely affect customers of the electric
6 utility who do not participate in the program; and

7 (c) The program advances the goals of this State for economic
8 development and the development of renewable energy.

9 3. As used in this section:

10 (a) "Renewable energy" has the meaning ascribed to it in NRS
11 704.7811.

12 (b) "Renewable energy facility" has the meaning ascribed to it in
13 NRS 704.7315.

14 Sec. 1.5. "Energy storage system" means commercially available
15 technology that is capable of retaining energy, storing the energy for a
16 period of time and delivering the energy after storage, including, without
17 limitation, by chemical, thermal or mechanical means.

18 Sec. 1.7. "Qualified energy storage system" means an energy
19 storage system that is used to:

20 1. Store electricity which is generated by renewable energy and
21 which is delivered during a peak load period; or

22 2. Provide ancillary services for integrating electricity which is
23 generated by renewable energy into the electricity grid. Such ancillary
24 services include, without limitation, providing reserve electricity, reserve
25 capacity, frequency regulation, reactive power and voltage support.

26 Sec. 2. The Legislature finds and declares that it is the policy of this
27 State to:

28 1. Encourage and accelerate the development of new renewable
29 energy projects for the economic, health and environmental benefits
30 provided to the people of this State; ~~and~~

31 2. Become a leading producer and consumer of clean and
32 renewable energy, with a goal of achieving by 2040 an amount of
33 renewable energy production equal to at least 80 percent of the total
34 amount of electricity sold by providers of electric service in this State ~~+~~;
35 and

36 3. Ensure that the benefits of the increased use of portfolio energy
37 systems and energy efficiency measures are received by the residents of
38 this State. Such benefits include, without limitation, improved air quality,
39 reduced water use, a more diverse portfolio of resources for generating
40 electricity, reduced fossil fuel consumption and more stable rates for
41 retail customers of electricity.

42 Sec. 2.1. ~~1. The Legislature finds and declares that the~~
43 ~~requirements set forth in this section are necessary to ensure that the~~
44 ~~benefits of the increased use of renewable energy systems are received by~~
45 ~~the residents of this State. Such benefits include, without limitation,~~

~~improved air quality, reduced water use, a more diverse portfolio of resources for generating electricity, reduced fossil fuel consumption and more stable rates for retail customers of electricity.~~

~~2. To qualify as a renewable energy system for the purposes of paragraph (b) of subsection 1 of NRS 704.7815, a facility or energy system must:~~

~~(a) Have its first point of interconnection with:~~

~~(1) A Nevada balancing authority;~~

~~(2) A distribution facility which serves retail customers located within an area controlled by a Nevada balancing authority; or~~

~~(3) An entity described in paragraph (a), (b), (c), (d) or (e) of subsection 3 of NRS 704.7808;~~

~~(b) Subject to the limitations set forth in subsection 3, generate electricity that is scheduled for transmission or distribution into a Nevada balancing authority without substitution of electricity from another source; or~~

~~(c) Generate electricity that is dynamically transferred into a Nevada balancing authority.~~

~~3. For the purpose of determining whether a facility or energy system qualifies as a renewable energy system pursuant to paragraph (b) of subsection 2, electricity may be substituted from another source if:~~

~~(a) Both:~~

~~(1) The substitution is limited to the amount of electricity from another source which is required to provide ancillary services necessary to maintain the scheduled transmission or distribution of electricity into the Nevada balancing authority; and~~

~~(2) The amount of electricity substituted pursuant to paragraph (a) is not included in the amount of electricity generated by the facility or energy system; or~~

~~(b) Both:~~

~~(1) The substitution is limited to the amount of electricity from another source which is required for firming and shaping the electricity that is scheduled for transmission or distribution into the Nevada balancing authority; and~~

~~(2) The electricity which is substituted is incremental electricity.~~

~~4. As used in this section, "Nevada balancing authority" means an entity:~~

~~(a) With control over the electricity loads and electricity resources for an area which includes the majority of the territory of this State;~~

~~(b) Which maintains in real time the balance between electricity loads and electricity resources within the area the entity controls; and~~

~~(c) Is responsible for keeping the actual interchange of electricity equal to the scheduled interchange of electricity for the area the entity controls.~~ **(Deleted by amendment.)**

1 Sec. 2.2. 1. Subject to the limitations set forth in this section and
2 paragraph (b) of subsection 2 of NRS 704.7821, for the purpose of
3 complying with a portfolio standard established pursuant to NRS
4 704.7821 or 704.78213, a provider shall be deemed to have generated or
5 acquired 2.0 kilowatt-hours of electricity from a renewable energy system
6 for each 1.0 kilowatt-hour of actual electricity delivered by or acquired
7 from a qualified energy storage system, if the owner or operator of the
8 qualified energy storage system demonstrates to the Commission:

9 (a) For the purposes of subsection 1 of section 1.7 of this act, that the
10 electricity:

11 (1) Stored in the qualified energy storage system was generated by
12 renewable energy; and

13 (2) Delivered by the qualified energy storage system was delivered
14 during a peak load period.

15 (b) For the purposes of subsection 2 of section 1.7 of this act, that the
16 ancillary services provided by the qualified energy storage system were
17 used to integrate into the grid electricity which was generated by
18 renewable energy.

19 2. For the purposes of subsection 1, a provider shall not be deemed
20 to have generated or acquired more than 2.0 kilowatt-hours of electricity
21 from a renewable energy system per day for each 1.0 kilowatt-hour of
22 installed capacity of the qualified energy storage system.

23 3. For the purposes of subsection 1, the owner or operator of the
24 qualified energy storage system must make his or her demonstration to
25 the Commission using the operating algorithms, rules and schedules and
26 market participation of the qualified energy storage system, to the extent
27 applicable.

28 4. For the purposes of subsection 1, if the provider has paid for or
29 directly reimbursed, in whole or in part, the costs of the acquisition of a
30 qualified energy storage system by one or more of its retail customers,
31 the electricity delivered by or acquired from the qualified energy storage
32 system shall be deemed to be electricity delivered by or acquired from the
33 provider.

34 5. For the purposes of subsection 1, the owner or operator of a
35 qualified energy storage system is responsible for paying the cost of any
36 metering required to measure the electricity delivery by or acquired from
37 a qualified energy storage system.

38 Sec. 2.3. For the purpose of complying with a portfolio standard
39 established pursuant to NRS 704.7821 or 704.78213, a provider shall be
40 deemed to have generated or acquired 1.5 kilowatt-hours of electricity
41 from a renewable energy system for each 1.0 kilowatt-hour of actual
42 electricity generated or acquired from a portfolio energy system that
43 generates electricity from geothermal energy, if the system was placed
44 into operation on or after January 1, 2018.

1 **Sec. 2.4.** *A provider of electric service described in paragraph (a) of*
2 *subsection 3 of NRS 704.7808 shall, on or before July 1 of each year,*
3 *submit to the Director of the Office of Energy appointed pursuant to*
4 *NRS 701.150 a report which contains the information described in*
5 *subsection 4 of NRS 704.7825.*

6 **Sec. 2.5.** *Notwithstanding any provision of law to the contrary, a*
7 *provider of electric service described in paragraph (a) of subsection 3 of*
8 *NRS 704.7808 is not subject to the jurisdiction of the Commission.*

9 **Sec. 2.51.** NRS 704.032 is hereby amended to read as follows:

10 704.032 The Office of Economic Development may participate in
11 proceedings before the Public Utilities Commission of Nevada concerning
12 a public utility in the business of supplying electricity or natural gas to
13 advocate the accommodation of the State Plan for Economic Development
14 developed by the Executive Director of the Office pursuant to subsection 2
15 of NRS 231.053. The Office of Economic Development may intervene as a
16 matter of right in a proceeding pursuant to NRS 704.736 to 704.754,
17 inclusive, and section 1.4 of this act or 704.991.

18 **Sec. 2.53.** NRS 704.635 is hereby amended to read as follows:

19 704.635 When a complaint has been filed with the Commission
20 alleging that a person is providing a service which requires a certificate of
21 public convenience and necessity, or when the Commission has reason to
22 believe that any provision of NRS 704.005 to 704.754, inclusive, and
23 section 1.4 of this act or 704.9901 is being violated, the Commission shall
24 investigate the operation and may, after a hearing, issue an order requiring
25 that the person cease and desist from any operation in violation of NRS
26 704.005 to 704.754, inclusive, and section 1.4 of this act or 704.9901. The
27 Commission shall enforce the order under the powers vested in the
28 Commission by NRS 704.005 to 704.754, inclusive, and section 1.4 of this
29 act or 704.9901 or other law.

30 **Sec. 2.55.** NRS 704.640 is hereby amended to read as follows:

31 704.640 Except as otherwise provided in NRS 704.6881 to 704.6884,
32 inclusive, any person who:

33 1. Operates any public utility to which NRS 704.005 to 704.754,
34 inclusive, and section 1.4 of this act 704.9901 and 704.993 to 704.999,
35 inclusive, apply without first obtaining a certificate of public convenience
36 and necessity or in violation of its terms;

37 2. Fails to make any return or report required by NRS 704.005 to
38 704.754, inclusive, and section 1.4 of this act, 704.9901 and 704.993 to
39 704.999, inclusive, or by the Commission pursuant to NRS 704.005 to
40 704.754, inclusive, and section 1.4 of this act, 704.9901 and 704.993 to
41 704.999, inclusive;

42 3. Violates, or procures, aids or abets the violating of any provision of
43 NRS 704.005 to 704.754, inclusive, and section 1.4 of this act, 704.9901
44 and 704.993 to 704.999, inclusive;

45 4. Fails to obey any order, decision or regulation of the Commission;

1 5. Procures, aids or abets any person in the failure to obey the order,
2 decision or regulation; or

3 6. Advertises, solicits, proffers bids or otherwise holds himself,
4 herself or itself out to perform as a public utility in violation of any of the
5 provisions of NRS 704.005 to 704.754, inclusive, and section 1.4 of this
6 act, 704.9901 and 704.993 to 704.999, inclusive,
7 ↪ shall be fined not more than \$500.

8 **Sec. 2.57. NRS 704.736 is hereby amended to read as follows:**

9 704.736 The application of NRS 704.736 to 704.754, inclusive, and
10 section 1.4 of this act is limited to any public utility in the business of
11 supplying electricity which has an annual operating revenue in this state of
12 \$2,500,000 or more.

13 **Sec. 2.59. NRS 704.751 is hereby amended to read as follows:**

14 704.751 1. After a utility has filed the plan required pursuant to
15 NRS 704.741, the Commission shall issue an order accepting or modifying
16 the plan or specifying any portions of the plan it deems to be inadequate:

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

19 (b) Within 180 days for all portions of the plan not described in
20 paragraph (a).

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

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

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

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

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

42 3. The Commission shall not reject any portion of a plan required
43 pursuant to NRS 704.741, or a portion of an amendment to such a plan,
44 that includes a new renewable energy contract or the construction or
45 acquisition of a renewable energy facility for the purpose of complying

1 with the provision of NRS 704.7801 to 704.7828, inclusive, and sections
2 1.5 to 2.5, inclusive, of this act solely on the grounds of any uncertainty
3 relating to a ballot question for the deregulation of the electricity market
4 of this State. If such a ballot question is approved by the voters of this
5 State, the costs and benefits of any such renewable energy contracts or
6 renewable energy facilities approved by the Commission must be
7 transferred to an provider of electricity or the retail customers of a
8 provider of electricity.

9 4. All prudent and reasonable expenditures made to develop the
10 utility's plan, including environmental, engineering and other studies, must
11 be recovered from the rates charged to the utility's customers.

12 ~~14~~ 5. The Commission may accept a transmission plan submitted
13 pursuant to subsection 4 of NRS 704.741 for a renewable energy zone if
14 the Commission determines that the construction or expansion of
15 transmission facilities would facilitate the utility meeting the portfolio
16 standard, as defined in NRS 704.7805.

17 ~~15~~ 6. The Commission shall adopt regulations establishing the
18 criteria for determining the adequacy of a transmission plan submitted
19 pursuant to subsection 4 of NRS 704.741.

20 ~~16~~ 7. Any order issued by the Commission accepting or modifying
21 an element of an emissions reduction and capacity replacement plan must
22 include provisions authorizing the electric utility to construct or acquire
23 and own electric generating plants necessary to meet the capacity amounts
24 approved in, and carry out the provisions of, the plan. As used in this
25 subsection, "capacity" means an amount of firm electric generating
26 capacity used by the electric utility for the purpose of preparing a plan
27 filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive
28 ~~17~~ , and section 1.4 of this act.

29 **Sec. 2.6.** NRS 704.7801 is hereby amended to read as follows:

30 704.7801 As used in NRS 704.7801 to 704.7828, inclusive, *and*
31 *sections 1.5 to 2.5, inclusive, of this act* unless the context otherwise
32 requires, the words and terms defined in NRS 704.7802 to 704.7819,
33 inclusive, *and sections 1.5 and 1.7 of this act* have the meanings ascribed
34 to them in those sections.

35 **Sec. 2.7.** NRS 704.7804 is hereby amended to read as follows:

36 704.7804 "Portfolio energy system or efficiency measure" means:

37 1. Any renewable energy system:

38 (a) Placed into operation before July 1, 1997, if a provider of electric
39 service used electricity generated or acquired from the renewable energy
40 system to satisfy its portfolio standard before
41 July 1, 2009; or

42 (b) Placed into operation on or after July 1, 1997; ~~for~~

43 2. Any energy efficiency measure installed on or before December
44 31, 2019 ~~for~~; *or*

45 3. *Any qualified energy storage system.*

1 **Sec. 2.8.** NRS 704.7808 is hereby amended to read as follows:

2 704.7808 1. "Provider of electric service" and "provider" mean any
3 person or entity that is in the business of selling electricity to retail
4 customers for consumption in this State, regardless of whether the person
5 or entity is otherwise subject to regulation by the Commission.

6 2. The term includes, without limitation, a provider of new electric
7 resources that is selling electricity to an eligible customer for consumption
8 in this State pursuant to the provisions of chapter 704B of NRS.

9 3. ~~The~~ *Except as otherwise provided in this subsection, the* term
10 does not include:

11 (a) This State or an agency or instrumentality of this State.

12 (b) A rural electric cooperative established pursuant to chapter 81 of
13 NRS.

14 (c) A general improvement district established pursuant to chapter 318
15 of NRS.

16 (d) A utility established pursuant to chapter 709 or 710 of NRS.

17 (e) A cooperative association, nonprofit corporation, nonprofit
18 association or provider of electric service which is declared to be a public
19 utility pursuant to NRS 704.673 and which provides service only to its
20 members.

21 ~~(f)~~

22 *↪ For calendar year 2018 and for each calendar year thereafter, the*
23 *term includes an entity identified in this subsection during the entirety of*
24 *any calendar year in which the total amount of electricity sold by the*
25 *entity to its retail customers in this State during that calendar year equals*
26 *or exceeds 1,000,000 megawatt-hours.*

27 4. *The term does not include:*

28 (a) A landlord of a manufactured home park or mobile home park or
29 owner of a company town who is subject to any of the provisions of NRS
30 704.905 to 704.960, inclusive.

31 ~~(e)~~ (b) A landlord who pays for electricity that is delivered through a
32 master meter and who distributes or resells the electricity to one or more
33 tenants for consumption in this State.

34 **Sec. 2.9.** ~~NRS 704.7815 is hereby amended to read as follows:~~

35 ~~704.7815 "Renewable energy system" means:~~

36 ~~1. A facility or energy system that uses renewable energy or energy~~
37 ~~from a qualified energy recovery process to generate electricity and:~~

38 ~~(a) Uses the electricity that it generates from renewable energy or~~
39 ~~energy from a qualified recovery process in this State; or~~

40 ~~(b) [Transmits] Satisfies the requirements of section 2.1 of this act~~
41 ~~and transmits or distributes the electricity that it generates from renewable~~
42 ~~energy or energy from a qualified energy recovery process to a provider of~~
43 ~~electric service for delivery into and use in this State.~~

44 ~~2. A solar energy system that reduces the consumption of electricity~~
45 ~~or any fossil fuel.~~

~~3. A net metering system used by a customer generator pursuant to NRS 704.766 to 704.775, inclusive.~~ (Deleted by amendment.)

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

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard. ~~The~~ Except as otherwise provided in ~~subsection~~ subsections 5, 6 and 8, the portfolio standard must require each provider to generate, acquire or save electricity from portfolio energy systems or efficiency measures in an amount that is:

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

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

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

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

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

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

(g) For calendar years ~~2020 through 2024, inclusive,~~ 2018 ~~and 2019,~~ through 2020, inclusive, not less than ~~22~~ 24 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(h) ~~For calendar years 2020 and 2021,~~ through 2023, inclusive, not less than 28 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(i) ~~For calendar years 2022 and 2023,~~ 2024 through 2026, inclusive, not less than 32 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(j) ~~For calendar years 2024 and 2025,~~ 2027 through 2029, inclusive, not less than 36 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(k) ~~For calendar years 2026 and 2027, not less than 40 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

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

~~(m)~~ For calendar year ~~2025~~ 2030 and for each calendar year thereafter, not less than ~~25-50~~ 40 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

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

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

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

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

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

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

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

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

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

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

~~(e)~~ (b) Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures, for calendar year 2018 and each calendar year thereafter, not more than 10 percent of that amount may be based on qualified energy storage systems.

1 (c) If the provider acquires or saves electricity from a portfolio energy
2 system or efficiency measure pursuant to a renewable energy contract or
3 energy efficiency contract with another party:

4 (1) The term of the contract must be not less than 10 years, unless
5 the other party agrees to a contract with a shorter term; and

6 (2) The terms and conditions of the contract must be just and
7 reasonable, as determined by the Commission. If the provider is a utility
8 provider and the Commission approves the terms and conditions of the
9 contract between the utility provider and the other party, the contract and
10 its terms and conditions shall be deemed to be a prudent investment and
11 the utility provider may recover all just and reasonable costs associated
12 with the contract.

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

21 4. The Commission shall adopt regulations that establish a system of
22 portfolio energy credits that may be used by a provider to comply with its
23 portfolio standard.

24 5. Except as otherwise provided in this subsection and subsection 6,
25 each provider shall comply with its portfolio standard during each calendar
26 year. For calendar year 2020 and each calendar year thereafter, a
27 provider shall be deemed to have complied with its portfolio standard
28 during the calendar year if the average number of portfolio energy
29 credits obtained by the provider during the calendar year and the
30 immediately preceding two calendar years is equal to or greater than the
31 average of the provider's portfolio standards for the calendar year and
32 the immediately preceding two calendar years.

33 6. If, for any calendar year, a provider is unable to comply with its
34 portfolio standard through the generation of electricity from its own
35 renewable energy systems or, if applicable, through the use of portfolio
36 energy credits, the provider shall take actions to acquire or save electricity
37 pursuant to one or more renewable energy contracts or energy efficiency
38 contracts. ~~If the Commission determines that, for a calendar year, there is~~
39 ~~not or will not be a sufficient supply of electricity or a sufficient amount of~~
40 ~~energy savings made available to the provider pursuant to renewable~~
41 ~~energy contracts and energy efficiency contracts with just and reasonable~~
42 ~~terms and conditions, the~~ The Commission shall exempt the provider, for
43 that calendar year, from the remaining requirements of its portfolio
44 standard or from any appropriate portion thereof, as determined by the
45 Commission. If the Commission determines that, for a calendar year:

1 (a) There is not or will not be a sufficient supply of electricity or a
2 sufficient amount of energy savings made available to the provider
3 pursuant to renewable energy contracts and energy efficiency contracts
4 with just and reasonable terms and conditions;

5 (b) The provider is unable to obtain a sufficient supply of electricity
6 to comply with the portfolio standard because the Commission has
7 rejected a proposal included by a provider in a plan filed pursuant to
8 NRS 704.741, or an amendment to such a plan, to acquire or save
9 electricity pursuant to new renewable energy contracts or energy
10 efficiency contracts or to construct or acquire a new renewable energy
11 facility; or

12 (c) The provider is unable to obtain a sufficient supply of electricity
13 to comply with the portfolio standard because of a delay in the
14 completion of the construction of a renewable energy facility that is
15 under the control of a person or entity other than the provider and that
16 was intended to provide electricity.

17 7. The Commission shall adopt regulations that establish:

18 (a) Standards for the determination of just and reasonable terms and
19 conditions for the renewable energy contracts and energy efficiency
20 contracts that a provider must enter into to comply with its portfolio
21 standard.

22 (b) Methods to classify the financial impact of each long-term
23 renewable energy contract and energy efficiency contract as an additional
24 imputed debt of a utility provider. The regulations must allow the utility
25 provider to propose an amount to be added to the cost of the contract, at
26 the time the contract is approved by the Commission, equal to a
27 compensating component in the capital structure of the utility provider. In
28 evaluating any proposal made by a utility provider pursuant to this
29 paragraph, the Commission shall consider the effect that the proposal will
30 have on the rates paid by the retail customers of the utility provider.

31 ~~8. Except as otherwise provided in NRS 704.78213, the provisions of~~
32 ~~this section do not apply to a provider of new electric resources as defined~~
33 ~~in NRS 704B.130.~~ *For the purposes of subsection 1, for calendar year*
34 *2018 and for each calendar year thereafter, the total amount of*
35 *electricity sold by a provider:*

36 (a) *Described in subsection 3 of NRS 704.7808 to its retail customers*
37 *in this State during a calendar year does not include the first 1,000,000*
38 *megawatt-hours of electricity sold by the provider to such customers*
39 *during that calendar year.*

40 (b) *To its retail customers in this State during a calendar year does*
41 *not include the amount of electricity sold by the provider as part of a*
42 *program of optional pricing authorized by the Commission pursuant to*
43 *NRS 704.738 ~~or~~ or section 1.4 of this act.*

44 9. As used in this section:

1 (a) "Energy efficiency contract" means a contract to attain energy
2 savings from one or more energy efficiency measures owned, operated or
3 controlled by other parties.

4 (b) "Renewable energy contract" means a contract to acquire
5 electricity from one or more renewable energy systems owned, operated or
6 controlled by other parties.

7 (c) "Terms and conditions" includes, without limitation, the price that a
8 provider must pay to acquire electricity pursuant to a renewable energy
9 contract or to attain energy savings pursuant to an energy efficiency
10 contract.

11 **Sec. 4.** NRS 704.78213 is hereby amended to read as follows:

12 704.78213 1. If the Commission issues an order approving an
13 application that is filed pursuant to NRS 704B.310 or a request that is filed
14 pursuant to NRS 704B.325 regarding a provider of new electric resources
15 and an eligible customer, the Commission must establish in the order a
16 portfolio standard applicable to the electricity sold by the provider of new
17 electric resources to the eligible customer in accordance with the order.
18 The portfolio standard must require the provider of new electric resources
19 to generate, acquire or save electricity from portfolio energy systems or
20 efficiency measures in the amounts described in the portfolio standard set
21 forth in NRS 704.7821 . ~~[which is effective on the date on which the order~~
22 ~~approving the application or request is approved.]~~

23 2. ~~101~~ *Except as otherwise provided in this subsection, of* the total
24 amount of electricity that a provider of new electric resources is required to
25 generate, acquire or save from portfolio energy systems or efficiency
26 measures during each calendar year, not more than 25 percent of that
27 amount may be based on energy efficiency measures. *Subject to the*
28 *provisions of paragraphs (a) and (b), the provisions of this subsection*
29 *apply to an order of the Commission approving an application that is*
30 *filed pursuant to NRS 704B.310 or a request that is filed pursuant to*
31 *NRS 704B.325 regarding a provider of new electric resources and an*
32 *eligible customer only if the order is issued by the Commission before*
33 *July 1, 2017. If such an order was issued by the Commission:*

34 (a) *Before July 1, 2012, the provisions of this subsection apply for all*
35 *calendar years.*

36 (b) *On or after July 1, 2012, and before July 1, 2017, the provisions*
37 *of this subsection apply only for calendar years before calendar year*
38 *2025.*

39 3. If, for the benefit of one or more eligible customers, the eligible
40 customer of a provider of new electric resources has paid for or directly
41 reimbursed, in whole or in part, the costs of the acquisition or installation
42 of a solar energy system which qualifies as a renewable energy system and
43 which reduces the consumption of electricity, the total reduction in the
44 consumption of electricity during each calendar year that results from the
45 solar energy system shall be deemed to be electricity that the provider of

1 new electric resources generated or acquired from a renewable energy
2 system for the purposes of complying with its portfolio standard.

3 4. As used in this section:

4 (a) "Eligible customer" has the meaning ascribed to it in
5 NRS 704B.080.

6 (b) "Provider of new electric resources" has the meaning ascribed to it
7 in NRS 704B.130.

8 **Sec. 4.3.** ~~NRS 704.78215 is hereby amended to read as follows:~~

9 ~~704.78215 1. Except as otherwise provided in this section or by~~
10 ~~specific statute, a provider is entitled to one portfolio energy credit for~~
11 ~~each kilowatt hour of electricity that the provider generates, acquires or~~
12 ~~saves from a portfolio energy system or efficiency measure.~~

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

17 ~~3. Except as otherwise provided in this subsection, for portfolio~~
18 ~~energy systems placed into operation on or after January 1, 2016, the~~
19 ~~amount of electricity generated or acquired from a portfolio energy system~~
20 ~~does not include the amount of any electricity used by the portfolio energy~~
21 ~~system for its basic operations that reduce the amount of renewable energy~~
22 ~~delivered to the transmission grid for distribution and sale to customers of~~
23 ~~the provider. The provisions of this subsection do not apply to a portfolio~~
24 ~~energy system placed into operation on or after January 1, 2016, if a~~
25 ~~provider entered into a contract for the purchase of electricity generated by~~
26 ~~the portfolio energy system on or before December 31, 2012. For the~~
27 ~~purposes of this subsection, the amount of any electricity used by a~~
28 ~~portfolio energy system for its basic operations:~~

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

33 ~~(b) [Does] If the portfolio energy system is placed into operation on~~
34 ~~or before December 31, 2017, does not include the electricity used by a~~
35 ~~portfolio energy system that generates electricity from geothermal energy~~
36 ~~for the extraction and transportation of geothermal brine or used to pump~~
37 ~~or compress geothermal brine.] (Deleted by amendment.)~~

38 **Sec. 4.7.** NRS 704.7825 is hereby amended to read as follows:

39 704.7825 1. Each provider of electric service shall submit to the
40 Commission an annual report that provides information relating to the
41 actions taken by the provider to comply with its portfolio standard.

42 2. Each provider shall submit the annual report to the Commission
43 after the end of each calendar year and within the time prescribed by the
44 Commission. The report must be submitted in a format approved by the
45 Commission.

- 1 3. The Commission may adopt regulations that require providers to
2 submit to the Commission additional reports during each calendar year.
- 3 4. Each annual report and each additional report must include clear
4 and concise information that sets forth:
- 5 (a) The amount of electricity which the provider generated, acquired or
6 saved from portfolio energy systems or efficiency measures during the
7 reporting period and, if applicable, the amount of portfolio energy credits
8 that the provider acquired, sold or traded during the reporting period to
9 comply with its portfolio standard;
- 10 (b) The capacity of each renewable energy system owned, operated or
11 controlled by the provider, the total amount of electricity generated by
12 each such system during the reporting period and the percentage of that
13 total amount which was generated directly from renewable energy;
- 14 (c) Whether, during the reporting period, the provider began
15 construction on, acquired or placed into operation any renewable energy
16 system and, if so, the date of any such event;
- 17 (d) Whether, during the reporting period, the provider participated in
18 the acquisition or installation of any energy efficiency measures and, if so,
19 the date of any such event; and
- 20 (e) Any other information that the Commission by regulation may
21 deem relevant.
- 22 5. Based on the reports submitted by providers pursuant to this
23 section, the Commission shall compile information that sets forth whether
24 any provider has used energy efficiency measures to comply with its
25 portfolio standard and, if so, the type of energy efficiency measures used
26 and the amount of energy savings attributable to each such energy
27 efficiency measure. The Commission shall report such information to:
- 28 (a) The Legislature, not later than the first day of each regular session;
29 and
- 30 (b) The Legislative Commission, if requested by the Chair of the
31 Commission.
- 32 ***6. The provisions of this section do not apply to a provider of***
33 ***electric service described in paragraph (a) of subsection 3 of NRS***
34 ***704.7808.***
- 35 **Sec. 5.** Notwithstanding the provisions of any other law or any ruling
36 or order issued by or portfolio standard established by the Public Utilities
37 Commission of Nevada to the contrary, for any portfolio standard
38 established by the Commission pursuant to the provisions of subsection 1
39 of NRS 704.78213, as that section existed before July 1, 2017, on or after
40 July 1, 2012, and before July 1, 2017, the Commission shall, for calendar
41 year 2018 and for each calendar year thereafter, revise the portfolio
42 standard to require the provider of new electric resources as defined in
43 NRS 704B.130 to generate, acquire or save electricity from portfolio
44 energy systems or energy efficiency measures in the amounts described in

1 the portfolio standard set forth in NRS 704.7821, as amended by section 3
2 of this act.

3 **Sec. 6.** (Deleted by amendment.)

4 **Sec. 7.** 1. This section and sections 1 to 2.3, inclusive, and 2.5 to 6,
5 inclusive, of this act become effective on July 1, 2017.

6 2. Section 2.4 of this act becomes effective on July 1, 2020.

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