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1 SUMMARY—Revises provisions relating to utilities. (BDR 58-773)

2
3 FISCAL NOTE: Effect on Local Government: No.
4 Effect on the State: Yes.
5

6 AN ACT relating to public utilities; declaring the policy of this State concerning statewide reductions
7 in net greenhouse gas emissions; requiring a gas utility to submit at certain times an Infrastructure,
8 Supply and Alternatives Plan; allowing for an accelerated cost recovery for certain infrastructure
9 replacement projects; requiring the Public Utilities Commission of Nevada to convene a public hearing
10 on the Plan and to comply with certain requirements for such a hearing; requiring that all prudent and
11 reasonable expenditures made by a gas utility to develop the Plan be recovered from rates charged to
12 the customers of the gas utility; requiring the Commission to open an investigatory docket to examine
13 the role of gas utilities in assisting the State in achieving its goal of reducing net greenhouse gas
14 emission; requiring the Commission to prepare a report from the investigatory docket and transmit the
15 report to the next regularly scheduled Legislative Session; repealing provisions authorizing a public
16 natural gas utility to expand its infrastructure in certain situations; and providing other matters properly
17 relating thereto.

18 -----
19 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
20 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
21

22 **Section 1.** Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as
23 sections 2 to 17, inclusive, of this act.

24 **Sec. 2.** *As used in NRS 704.991 and 704.992 and sections 2 to 17, inclusive, of this act, unless the*
25 *context otherwise requires, the words and terms defined in sections 3 to 17 inclusive, of this act have*
26 *the meanings ascribed to them in those sections.*

27 **Sec. 3.** “Beneficial electrification” means converting the energy source of a customer’s end use
28 from a non-electric fuel source to an efficient electric source, or avoiding the use of non-electric
29 fuel sources in new construction or industrial applications, if the result of the conversion or
30 avoidance is to:

- 31 1. Reduce net greenhouse gas emissions over the lifetime of the conversion or avoidance; and
- 32 2. Reduce costs to society.

33 ~~1. “Biomethane” means methane which:~~

34 ~~(a) Meets the quality standards applicable to a natural gas pipeline into which the methane will be~~
35 ~~injected; and~~

36 ~~(b) Is derived from:~~

- 37 ~~(1) The thermal gasification of solid biomass followed by methanation; or~~
- 38 ~~(2) The upgrading of biogas.~~

39 ~~2. As used in this section, “biogas” has the meaning ascribed to it in NRS 704.9992.~~

40 ~~Sec. 4. 1. “Combustible fuels” means coal, methane, natural gas, oil, kerosene, propane, hydrogen,~~

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1 ~~wood or any other fossil fuel.~~

2 ~~2. The term does not include hydrogen derived from geothermal energy, solar energy or wind in a~~
3 ~~process commonly known as electrolysis, power to gas methane or biomethane if such hydrogen,~~
4 ~~power to gas methane, or biomethane:~~

5 ~~(a) Is demonstrated to have a neutral effect on the climate from the production to the final use of the~~
6 ~~hydrogen, power to gas methane or biomethane; or~~

7 ~~(b) When used in end-use equipment, yields lower greenhouse gas emissions or, in regards to~~
8 ~~hydrogen, has a lower impact on the climate, over the lifetime of the end-use equipment than using an~~
9 ~~alternative source of electricity.~~

10 **Sec. 5. “End-use equipment” means equipment that turns energy into useful work, goods, and or**
11 **services.**

12 **Sec. 5.1. “Energy efficiency” means using less energy to produce the same amount of output,**
13 **where, if applicable to the measure or activity, each measure or activity will result in a net**
14 **reduction in total energy consumption and greenhouse gas emissions compared to a high-**
15 **efficiency electricity-using alternative.**

16 **Sec. 6. “Gas” means methane (CH₄).**

17 ~~Sec. 7. “Gas utility” means a public utility which purchases natural gas, biomethane or power to gas~~
18 ~~methane for resale.~~

19 **Sec. 8. “Greenhouse gas” means any of the following gases, either alone or in combination:**

20 **1. Carbon dioxide (CO₂);**

21 **2. Hydrofluorocarbons;**

22 **3. Methane (CH₄);**

23 **4. Nitrous oxide (N₂O);**

24 **5. Perfluorocarbons; or**

25 **6. Sulphur hexafluoride (SF₆).**

26 ~~Sec. 9. “Hazardous leak” means a leak that:~~

27 ~~1. Represents an existing or probable hazard to a person or property; and~~

28 ~~2. Requires immediate repair or continuous action until the conditions are no longer hazardous to a~~
29 ~~person or property.~~

30 ~~Sec. 10. “High pressure distribution pipeline” means a gas distribution pipeline that is:~~

31 ~~1. Greater than 2 inches in diameter; and~~

32 ~~2. Operated or designed to be operated at pressures equal to or greater than 100 pounds per square~~
33 ~~inch.~~

34 **Sec. 11. 1. “Historically underserved community” means:**

35 **(a) A census tract: (1) designated as a qualified census tract by the Secretary of the United**
36 **States Department of Housing and Urban Development pursuant to 26 U.S.C. § 42(d)(5)(B)(ii);**
37 **or (2) In which,** in the immediately preceding census:

38 ~~(1) The median household income was less than 60 percent of the median household income in~~
39 ~~this State;~~

40 ~~(2) At least 25 percent of households had a household income below the federally designated~~

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1 level signifying poverty; or

2 (3) ~~A~~ **at least 20 percent of households** ~~we~~ **are not proficient in the English language.**

3 (b) *A public school in this State:*

4 (1) *In which 75 percent or more of the enrolled pupils during the previous school year were*
5 *eligible for free or reduced-price lunches under the National School Lunch Act, 42 U.S.C. §§ 1751 et*
6 *seq; or (2) That participates in universal meal service in high poverty areas pursuant to Section 104*
7 *of the Healthy, Hunger-Free Kids Act of 2010, Public Law 111-296.*

8 (c) ~~Indian~~ **Qualified tribal lands, as defined in NRS 370.0325.**

9 2. *As used in this section:*

10 (a) *“Block” means the smallest geographical unit whose boundaries were designated by the*
11 *Bureau of the Census of the United States Department of Commerce in its topographically*
12 *integrated geographic encoding and referencing system.*

13 (b) *“Block group” means a combination of blocks whose numbers begin with the same digit. (c)*

14 *“Census tract” means a combination of block groups.*

15 **Sec. 12. “Low-income household” means a household; which may include one or more persons,**
16 ~~with a median household~~ **has an income of not more than** ~~less than~~ **80 percent of the area median**
17 ~~household income, based on the guidelines published by the United States Department of~~
18 **Housing and Urban Development** ~~in this State.~~

19 ~~Sec. 13. “Power to gas methane” means methane that is produced through the process of converting~~
20 ~~electric energy into storable or injectable methane via electrolysis and methanation.~~

21 ~~Sec. 14. “Systematic upgrades or replacements” means upgrades or replacements to the~~
22 ~~infrastructure of a gas system that are incremental in nature and not undertaken by the public utility as a~~
23 ~~project to replace existing infrastructure during the normal course of business.~~

24 **Sec. 15. The Legislature finds and declares that it is the policy of this State to:**

25 **1. Utilize a comprehensive planning process for public utilities which purchase natural gas for**
26 **resale to ensure:**

27 **(a) Investments in gas infrastructure are necessary for safety and reliability and result in just**
28 **and reasonable rates for all customers;**

29 **(b) Customers in historically underserved communities, and low income households, are**
30 **protected from disproportionate utility bill impacts if the use of gas declines;**

31 **(c) Reductions in greenhouse gas emissions associated with the use of gas;**

32 **(d) Reductions in negative health impacts from the combustion of gas indoors; and**

33 **(e) Changes in the utility workforce resulting from a decline in the use of gas are considered**

34 ~~Have the goal of statewide reductions in net greenhouse gas emissions that occur each year from the~~
35 ~~use of combustible fuels in commercial and residential buildings, as compared to the level of~~
36 ~~greenhouse gas emissions in this state in 2016, by at least the following amounts: (a) Statewide~~
37 ~~reductions of 2.5 percent by the year 2022;~~

38 ~~(b) Statewide reductions of 3 percent by the year 2024;~~

39 ~~(c) Statewide reductions of 6.5 percent by the year 2026;~~

40 ~~(d) Statewide reductions of 12.5 percent by the year 2028;~~

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- ~~(e) Statewide reductions of 20 percent by the year 2030;~~
- ~~(f) Statewide reductions of 30 percent by the year 2032;~~
- ~~(g) Statewide reductions of 40 percent by the year 2034;~~
- ~~(h) Statewide reductions of 50 percent by the year 2036;~~
- ~~(i) Statewide reductions of 57.5 percent by the year 2038;~~
- ~~(j) Statewide reductions of 67.5 percent by the year 2040;~~
- ~~(k) Statewide reductions of 85 percent by the year 2045; and~~
- ~~(l) Statewide reductions of 95 percent by the year 2050; and~~

~~2. In reaching the goals set forth in subsection 1, prioritize the use of energy efficiency measures, including, without limitation, increasing energy efficiency or energy conservation and switching from end-use equipment that uses combustible fuels to end-use equipment that is energy efficient, while also taking other measures to achieve this goal.~~

Sec. 16. 1. After a gas public utility which purchases natural gas for resale has filed the Infrastructure, Supply and Alternatives Plan pursuant to NRS 704.991, the utility Commission shall ~~convene~~ **have an opportunity for a public hearing on the adequacy of the Plan.**

2. The Commission shall determine the parties to the public hearing on the adequacy of the Infrastructure, Supply and Alternatives Plan. A person or governmental entity may petition the Commission for leave to intervene as a party. The Commission shall grant a petition to intervene as a party in the hearing if the person or entity has relevant material evidence to provide concerning the adequacy of the Plan. The Commission may limit the participation of an intervener in the hearing to avoid duplication and may prohibit continued participation in the hearing by an intervener if the Commission determines that continued participation will unduly broaden the issues, will not provide additional relevant material evidence or is not necessary to further the public interest.

3. In addition to any party to the hearing, any interested person may make comments to the Commission regarding the contents and adequacy of the Infrastructure, Supply and Alternatives Plan.

4. After the hearing, the Commission shall determine whether:

(a) The forecasted demands of the utility are based on substantially accurate data and an adequate method of forecasting.

(b) The Plan identifies and takes into account present and projected reductions in the demand for gas that may result from energy efficiency and beneficial electrification in the area being served.

(c) The Plan adequately demonstrates the economic, environmental, and other benefits to this State and the customers of the utility.

5. After the hearing, the Commission shall issue an order accepting or modifying the Infrastructure, Supply and Alternatives Plan or specifying any portions of the Plan it deems inadequate within 210 days.

6. All expenditures, deemed prudent and reasonable expenditures by the Commission, made to develop the gas-utility's Infrastructure, Supply and Alternatives Plan, including, without limitation, environmental, engineering and other studies, must be recovered from the rates charged to the gas

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1 *utility's customers.*

2 76. The Commission may adopt regulations to carry out the provisions of this section.

3 **Sec. 17. 1. The Commission**, ~~in consultation with the Office of Energy created by NRS 701.150 and~~
4 ~~the Division of Environmental Protection of the State Department of Conservation and Natural~~
5 ~~Resources~~, *shall open an investigatory docket to examine:*

6 (a) *The role of gas* public utilities which purchase natural gas for resale in assisting the State in
7 ~~achieving the goals set forth in subsection 1 of section 15 of this act~~ reducing greenhouse gas
8 emissions; ~~and~~

9 (b) *How gas* public utilities which purchase natural gas for resale may maintain safety and
10 reliability standards as the use of gas declines while being affected by energy efficiency measures,
11 including, without limitation, increasing energy efficiency or energy conservation and switching from
12 end-use equipment that uses combustible fuels to end-use equipment that is energy efficient; ~~and~~

13 (c) How the State can implement the policy objectives in Section 15 of this act.

14 *2. The Commission may use a phased approach and shall address in the investigatory docket, in*
15 *addition to any other topics it determines are appropriate, the following topics:*

16 (a) ~~Existing gas infrastructure, options for infrastructure contracts and other methods through which~~
17 ~~costs can be reduced.~~

18 (b) ~~The number and types of customers that have limited options for being supplied with energy or~~
19 ~~electricity.~~

20 (c) *Strategies to limit the impact of the* a *transition from the use of gas in buildings on low income*
21 *households and historically underserved communities, including, without limitation, such persons*
22 *who rent or lease their residence. Such strategies* addressed *must include, without limitation,*
23 *programs that reduce the costs of energy efficiency* and beneficial electrification *measures for*
24 *customers.*

25 (d) *The barriers and challenges that low-income households and historically underserved*
26 *communities face in adopting energy efficiency* and beneficial electrification *measures and*
27 *technology.*

28 (e) ~~The environmental and health impacts of new gas infrastructure on communities adjacent to the~~
29 ~~new gas infrastructure.~~

30 (f) ~~The technologies that exist to electrify end-use equipment that is used in residential and~~
31 ~~commercial buildings, including, without limitation, the cost effectiveness and availability of such~~
32 ~~technologies, the identification of any gaps in available technology and any challenges in using such~~
33 ~~technologies in this State and how such challenges can be overcome.~~

34 (g) ~~The cost, availability and environmental impacts of alternative fuels, including, without~~
35 ~~limitation, those listed in subsection 2 of section 4 of this act, that could replace gas.~~

36 (h) ~~Improvements for the forecasting and analysis of demand for gas.~~

37 (i) ~~Adjusting depreciation schedules for gas system investments to align them with the expected use~~
38 ~~and projected useful lifespan of the investments rather than the engineering lifespan of the investments.~~

39 (j) *The prospective identification of gas distribution* lines infrastructure that may be retired, with
40 gas demands served by beneficial electrification, energy efficiency and other alternatives, where

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1 **such retirement would be appropriate.** ~~as a result of developing energy efficiency measures and how~~
2 ~~such retirement may affect customers. An assessment of the retirement of gas distribution lines must be~~
3 ~~based on metrics, including, without limitation, the age of the pipeline, the material of the pipeline, any~~
4 ~~identified leaks in the pipeline, the remaining undepreciated asset value and the types of customers who~~
5 ~~are serviced by the pipeline.~~

6 ~~(k) How securitization and other financial tools may mitigate rate impacts of declining use of gas~~
7 ~~systems or may mitigate the abandonment of rates.~~

8 ~~(l) Gas utility incentives, practices and programs that encourage, incentivize and lock in gas use.~~

9 ~~(m) Electric utility incentives, practices and programs that inhibit or that could be better at~~
10 ~~promoting energy efficiency measures.~~

11 ~~(n) The potential for incentive and market development programs to encourage energy efficiency~~
12 ~~measures, and improvements in the energy efficiency of residential and commercial buildings.~~

13 ~~(o) In consultation with other state agencies, how to manage the impact on the workforce of this~~
14 ~~State of a gas distribution system that is reduced in size including, without limitation, by providing~~
15 ~~training and assistance to the affected workforce of this State for a transition to similarly compensated,~~
16 ~~alternative jobs.~~

17 ***3. The Commission may engage an independent third party to assist in carrying out the provisions***
18 ***of subsections 1 and 2.***

19 ***4. The Commission shall prepare one or more reports on the findings and recommendations that***
20 ***result from the investigatory docket.*** ~~Such reports may include, without limitation, potential changes to~~
21 ~~policies, statutes and regulations to achieve the goals of the Legislature. ***The Commission shall seek***~~
22 ***input from participants in the investigatory docket while the Commission is preparing such reports.***

23 ***5. On or before December 1, 2022, and biennially thereafter, the Commission shall submit to the***
24 ***Director of the Legislative Counsel Bureau for transmittal to the next regular session of the***
25 ***Legislature each written report that is prepared pursuant to subsection 4.***

26 **Sec. 18.** NRS 704.032 is hereby amended to read as follows:

27 704.032 The Office of Economic Development may participate in proceedings before the Public
28 Utilities Commission of Nevada concerning a public utility in the business of supplying electricity or
29 natural gas to advocate the accommodation of the State Plan for Economic Development developed by
30 the Executive Director of the Office pursuant to subsection 2 of NRS 231.053. The Office of Economic
31 Development may intervene as a matter of right in a proceeding pursuant to NRS 704.736 to 704.754,
32 inclusive. ~~***or 704.991.***~~

33 **Sec. 19.** NRS 704.991 is hereby amended to read as follows:

34 704.991 ***1. A gas*** public utility ***which purchases natural gas for resale*** in this state shall, ***not later***
35 ***than May 1, 2023, and every 3 years thereafter,*** file ~~***annually***~~ with the Commission, ~~***in a format***~~
36 ~~***prescribed by the Commission, ***an informational report which describes:******~~

37 ~~***1. The anticipated demand for natural gas made on its system by its customers; 2. The estimated cost***~~
38 ~~***of supplying natural gas sufficient to meet the demand and the means by which the utility proposes to***~~
39 ~~***minimize that cost;***~~

40 ~~***3. The sources of planned acquisitions of natural gas, including an estimate of the cost and quantity***~~

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1 ~~of the acquisitions to be made from each source and an assessment of the reliability of the source; and~~
 2 ~~4. Significant operational or capital requirements of the utility related to its provision of gas service~~
 3 ~~in this state.] a plan entitled the Infrastructure, Supply and Alternatives Plan. **The Commission shall,**~~
 4 **by regulation, prescribe the format and contents of the Infrastructure, Supply, and Alternatives**
 5 **Plan.**

6 *2. The Infrastructure, Supply and Alternatives Plan must include, without limitation:*

7 (a) A **forecast** ~~projection~~ *for the 30 years immediately following the filing date of the Plan of the*
 8 *annual demands for gas made on the its system by its customers* ~~used by the gas utility for~~
 9 ~~transmission and distribution of energy. The projection~~ **forecast shall:**

10 (1) *Incorporate the impact on the projected demands from recent and projected* ~~climate~~
 11 **changes in ambient air temperature; and**

12 (2) *Include, without limitation:*

13 (I) A *forecast* ~~on the business operations of the gas utility which incorporates the impact on~~
 14 **gas demands of existing federal, state and local government policies and programs** ~~on gas demands~~
 15 ~~that are enacted by federal, state and local governments; and~~

16 (II) A **forecast** ~~decarbonization plan which incorporates~~ **the impact on gas demands of**
 17 **potential beneficial electrification and energy efficiency measures** ~~to meet the goals set forth in~~
 18 ~~subsection 1 of section 15 of this act.~~

19 (b) *The investments and activities that the gas utility plans to implement in this State within the 6*
 20 *years immediately following the filing date of the Plan.* ~~The gas utility must include, without~~
 21 ~~limitation, any of the following investments and activities that the gas utility intends to implement in~~
 22 ~~this State within the 6 years immediately following the date of the Plan:~~

23 (1) ~~Expansion in the service territory of the gas utility;~~

24 (2) ~~Expansion of gas services to unserved or underserved areas in this State;~~

25 (3) ~~Replacement or new construction of transmission pipeline;~~

26 (4) ~~Replacement or new construction of 1 mile or more of high pressure distribution pipeline;~~

27 (5) ~~New installations of city gate stations;~~

28 (6) ~~Replacement or new construction of city gate regulatory stations;~~

29 (7) ~~Systematic upgrades or replacements of outdated infrastructure or other equipment;~~

30 (8) ~~New or extended contracts for long term pipeline supply or capacity with an upstream~~
 31 ~~pipeline company;~~

32 (9) ~~New construction, upgrade, or replacement of storage facilities for liquefied natural gas or~~
 33 ~~underground storage facilities;~~

34 (10) ~~Planned contracts for the long term use of storage facilities for liquefied natural gas or of~~
 35 ~~underground storage facilities; or~~

36 (11) ~~New contracts that are for 10 years or longer with customers for transportation services,~~
 37 ~~special contract services or any other type of service, as set forth by the Commission. **The Commission**~~
 38 **shall, by regulation, prescribe the types of investments and activities the utility is required to**
 39 **include in the Plan.**

40 (c) *A detailed description of each investment and activity that the gas utility plans to*

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1 *implement in this State which is included in the Plan pursuant to paragraph (b). Such a detailed*
 2 *description must include, without limitation:*

- 3 ~~(1) An explanation of the need for the investment or activity;~~
- 4 ~~(2) The number and type of customers directly impacted by the investment or activity;~~
- 5 ~~(3) The cost and projected operating lifespan of the investment or activity;~~
- 6 ~~(4) The safety or reliability benefits of the investment or activity, including, without limitation,~~
 7 ~~whether the investment or activity will reduce the number, rate or probability of hazardous leaks~~
 8 ~~from occurring;~~

9 *(15) Any impacts the investment or activity will have on greenhouse gas emissions, including,*
 10 *without limitation, emissions from any end-use equipment that is projected to be installed, maintained*
 11 *or operated among or by customers;*

12 *(26) Any impacts the investment or activity will have on and any consultation conducted with*
 13 *historically underserved communities;*

14 *(37) Any impacts the investment or activity will have on and any consultation conducted with*
 15 *communities adjacent to the locations affected by the investment or activity; and*

16 *(48) Any other information regarding the investment or activity determined to be appropriate by*
 17 *the Commission.*

18 *➔ The Commission may adopt regulations containing specific requirements for what a public gas*
 19 *utility which purchases natural gas for resale is required to describe for the investments and*
 20 *activities listed in subparagraphs (1) to (11), inclusive, of required to be included in the Plan*
 21 *pursuant to paragraph (b).*

22 *(d) A set of alternatives to the proposed investments or activities which are included in the Plan*
 23 *pursuant to paragraph (b) that employ different strategies to safely and reliably address demands*
 24 *identified in the forecast pursuant to paragraph (a) and to avoid the investments or activities*
 25 *included in the plan pursuant to paragraph (b). The set of alternatives, identified collectively as the*
 26 *alternative plans, must include, without limitation:*

27 *(1) For each alternative plan, whether the alternative plan uses different strategies or approaches*
 28 *than are planned to be used by the proposed investments or activities; (2) An One *alternative plan that*
 29 *employs a no-action plan strategy, in which the proposed investments and activities included in the*
 30 *Plan pursuant to paragraph (b) are not made or conducted; and**

31 *(23) An One *alternative plan that employs beneficial electrification, implements an energy*
 32 *efficiency strategy, and alternatives to gas infrastructure that address peak-day constraints or*
 33 *constraints based on total annual customer demand. Such an efficiency strategy addresses*
 34 *infrastructure and supply needs and increased energy demands that the investments and activities seek*
 35 *to address by use of energy efficiency measures, including, without limitation, increasing energy*
 36 *efficiency or energy conservation and switching from end-use equipment that uses combustible fuels to*
 37 *end-use equipment that is energy efficient, while taking other measures to achieve this goal.**

38 *➔ The Commission may adopt regulations containing specific alternatives a gas utility is required to*
 39 *analyze for the investments and activities listed in subparagraphs (1) to (11), inclusive, of required to*
 40 *be included in the Plan pursuant to paragraph (b).*

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1 *(e) **An evaluation of the costs and -benefits** analysis of the investments or activities which are*
 2 *included in the Plan pursuant to paragraph (b) and each of the alternative plans which are included*
 3 *in the Plan pursuant to paragraph (d). Each cost-benefit analysis **This evaluation must consider,***
 4 *without limitation, costs and benefits in the following categories:*

5 (1) *Utility infrastructure, including, without limitation, maintenance, operations, upkeep and*
 6 *replacements at the end of the operational life of the infrastructure.*

7 (2) *Energy and fuel expenses, including, without limitation, those associated with new or*
 8 *existing end-use equipment projected to be installed, maintained or in-operated among or by customers*
 9 *pursuant to the investments or activities.*

10 (3) *End-use equipment and the installation of end-use equipment.*

11 (4) *Greenhouse gas emissions, **including leak emissions, valued at the social cost** of the*
 12 *greenhouse gas emissions. In making such a valuation, the gas utility shall use the estimates set forth in*
 13 *the Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory*
 14 *Impact Analysis, 2016 edition, published by the Interagency Working Group on Social Cost of*
 15 *Greenhouse Gases, United States Government, for determining discount rates of not more than 3*
 16 *percent. The gas utility may, instead of using such estimates, use improved estimates that incorporate*
 17 *the recommendations set forth in Valuing Climate Damages, Updating Estimation of the Social Cost of*
 18 *Carbon Dioxide, 2017 edition, published by the National Academies of Sciences, Engineering and*
 19 *Medicine. The greenhouse gas emissions that are valued pursuant to this paragraph must include,*
 20 *without limitation:*

21 (I) *Emissions from new or existing end-use equipment projected to be installed, maintained or*
 22 *in-operated among or by customers pursuant to the investments or activities; and*

23 (II) *Emissions from gas, power-to-gas methane and biomethane, including, without limitation,*
 24 *emissions from any leaks of gas, power-to-gas methane and biomethane.*

25 (5) *Monetized **Ssafety** benefits.*

26 (6) *Option value, which is the value of delaying a decision to invest in long-term infrastructure.*

27 (7) *Monetized **Hhealth** benefits, including, without limitation, any benefits **impacts***
 28 *from:*

29 (I) *~~T~~ **the** increased or decreased **use in** buildings **doors of gas** combustible fuels;*

30 (II) *The avoidance of the use of fuels listed in subsection 2 of section 4 of this act; **and***
 31 ***specific analysis of health impacts on residents of historically underserved communities, taking***
 32 ***into account cumulative pollution burdens in these communities.***

33 (III) *Changes to the indoor air quality as a result of the investments or activities or alternative*
 34 *plans.*

35 **➔ When, pursuant to this subsection, the utility evaluates the cost, energy and fuel expenses,**
 36 **greenhouse gas emissions, and indoor air emissions from end-use equipment, the utility must**
 37 **consider both equipment projected to be installed and equipment projected to be maintained in**
 38 **operation among or by customers pursuant to the investments or alternative plans.**

39 *3. When identifying the investments or activities which are included in the Infrastructure, Supply*
 40 *and Alternatives Plan pursuant to paragraph (b) of subsection 2, the gas-utility may identify projects*

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

1 *for which accelerated cost recovery is appropriate. Such a project must be limited to the incremental*
 2 *replacement of gas infrastructure that does not generate revenue, which is undertaken outside of the*
 3 *normal course of business to address the safety and reliability of the infrastructure and which serves*
 4 *the public interest. The Commission shall establish a mechanism through which some or all of the*
 5 *costs of such a project, as determined by the Commission, may be recovered by the ~~gas-utility~~*
 6 *through the implementation of a separate and reasonable rate that is charged to the customers of the*
 7 *gas-utility.*

8 **4. The Commission may adopt regulations to carry out the provisions of this section.**

9 **Sec. 20.** NRS 704.992 is hereby amended to read as follows:

10 704.992 1. The Commission shall adopt regulations to establish methods and programs for a
 11 ~~public~~gas utility **which purchases natural gas for resale** that remove financial disincentives which
 12 discourage the ~~public~~gas utility from supporting energy conservation, including, without limitation:

13 (a) Procedures for a ~~public~~gas utility **which purchases natural gas for resale** to have a mechanism
 14 established during a general rate application filed pursuant to NRS 704.110 to ensure that the costs of
 15 the ~~public~~gas utility for providing service are recovered without regard to the difference in the quantity
 16 of natural gas actually sold by the ~~public~~gas utility by taking into account the adjusted and annualized
 17 quantity of natural gas sold during a test year and the growth in the number of customers of the
 18 ~~public~~gas utility;

19 (b) Procedures for a ~~public~~gas utility **which purchases natural gas for resale** to apply to the
 20 Commission for approval of an activity relating to increasing energy efficiency or energy conservation;
 21 and

22 (c) Procedures for a ~~public~~gas utility **which purchases natural gas for resale** to apply to the
 23 Commission for the recovery of costs associated with an activity approved by the Commission pursuant
 24 to paragraph (b).

25 2. The regulations adopted pursuant to subsection 1 must ensure that the methods and programs
 26 consider the recovery of costs, stabilization of revenue and any reduction of risk for the ~~public~~gas
 27 utility **which purchases natural gas for resale.**

28 **Sec. 21.** The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act
 29 which adds or revises a requirement to submit a report to the Legislature.

30 **Sec. 22.** NRS 271B.130 and 704.9925 are hereby repealed.

31 **Sec. 23.** This act becomes effective upon passage and approval.

32 **TEXT OF REPEALED SECTIONS**

33 **271B.130 Expansion of infrastructure by natural gas utility deemed to constitute program of**
 34 **economic development under certain circumstances; natural gas utility required to file with**
 35 **Public Utilities Commission of Nevada application to establish rates to recover prudent and**
 36 **reasonable costs associated with expansion.**

37 1. For the purposes of subsection 3 of NRS 704.9925, the activity of a public utility which purchases
 38 natural gas for resale relating to the expansion of its infrastructure necessary to provide natural gas to
 39 the legal boundary of a district constitutes a program of economic development. The public utility shall
 40 expand its infrastructure in accordance with the provisions of that section.

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

1 2. A public utility which expands its infrastructure as described in subsection 1 shall file an
2 application with the Public Utilities Commission of Nevada in accordance with the regulations adopted
3 pursuant to NRS 704.9925 to establish rates to recover all prudent and reasonable costs associated with
4 the expansion in accordance with the provisions of that section.

5 3. As used in this section, “public utility” has the meaning ascribed to it in NRS 704.020. **704.9925**
6 **Regulations authorizing natural gas utility to expand infrastructure consistent with program of**
7 **economic development.**

8 1. The Commission shall adopt regulations authorizing a public utility which purchases natural gas
9 for resale to expand the infrastructure of the public utility in a manner consistent with a program of
10 economic development, including, without limitation:

11 (a) Procedures for a public utility which purchases natural gas for resale to apply to the Commission
12 for approval of an activity relating to the expansion of the infrastructure of the public utility in a
13 manner consistent with a program of economic development; and

14 (b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission
15 for the recovery of costs associated with an activity approved by the Commission pursuant to paragraph
16 (a).

17 2. The regulations adopted pursuant to subsection 1 must ensure the timely recovery by the public
18 utility which purchases natural gas for resale of all prudent and reasonable costs associated with the
19 expansion of the infrastructure of the public utility in a manner consistent with a program of economic
20 development through the development of alternative cost-recovery methodologies that balance the
21 interests of persons receiving direct benefits and persons receiving indirect benefits from the expansion
22 of the infrastructure of the public utility.

23 3. As used in this section, “program of economic development” means a program to expand the
24 infrastructure of a public utility which purchases natural gas for resale that is proposed by the public
25 utility and approved by the Commission for one or more of the following purposes:

26 (a) Providing natural gas service to unserved and underserved areas within this State; (b)
27 Accommodating the expansion of existing business customers of the public utility; (c) Attracting and
28 retaining residential and business customers of the public utility; (d) Attracting to this State new and
29 diverse businesses and industries which use natural gas and
30 which would otherwise locate or expand their business or industry within this State but for the absence
31 of adequate natural gas infrastructure;

32 (e) Facilitating the implementation of the State Plan for Economic Development developed by the
33 Executive Director of the Office of Economic Development pursuant to subsection 2 of NRS 231.053;
34 and

35 (f) Facilitating any policy of the Legislature with respect to economic development in this State.