

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

**LCB File No. R173-09**

Effective April 20, 2010

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

AUTHORITY: §§1 and 2, NRS 703.025, 704.210 and 704.741 as amended by section 1 of Senate Bill No. 165, chapter 258, Statutes of Nevada 2009, at page 1075.

A REGULATION relating to energy; requiring certain utilities to include in their resource plans analyses of carbon emissions; and providing other matters properly relating thereto.

**Section 1.** NAC 704.9355 is hereby amended to read as follows:

704.9355 1. A utility shall develop a set of analyses of its options for supply to be considered for meeting the expected future demand on its system. These analyses must include an examination of the environmental impact of each option, taking into account the best available technologies and the environmental benefit of renewable resources. The options to be analyzed must include:

- (a) Construction of new generation facilities or upgrades to existing generation facilities, including retrofitting existing facilities with more efficient systems or converting to other fuels;
- (b) Construction of new transmission facilities or upgrades to existing transmission facilities;
- (c) Purchase of long-term transmission rights on transmission facilities owned by other persons;
- (d) Improvements in the efficiency of operations and scheduling, including, without limitation, improvements that are attributable to the proposed implementation of new digital and computer information system technologies; ~~[and]~~

(e) *Options of low carbon intensity; and*

(f) Transactions with other utilities, independent producers and utility customers for:

(1) Pooling of power;

(2) Purchases of power; or

(3) Exchanges of power.

2. As used in this section : ~~[, “environmental]~~

(a) *“Carbon intensity” has the meaning ascribed to it in subsection 4 of NRS 704.741, as amended by section 1 of Senate Bill No. 165, chapter 258, Statutes of Nevada 2009, at page 1075.*

(b) *“Environmental benefit of renewable resources” means the present worth over a 20-year period of the benefits associated with the generation and maintenance of renewable resources for supply of capacity or energy, or supply of both capacity and energy, that results in a reduction of harm to the environment.*

**Sec. 2.** NAC 704.937 is hereby amended to read as follows:

704.937 1. A utility’s supply plan must contain *a diverse set of alternative plans which include* a list of options for the supply of capacity and electric energy that includes a description of all existing and planned facilities for generation and transmission, existing and planned power purchases, and other resources available as options to the utility for the future supply of electric energy. The description must include the expected capacity of the facilities and resources for each year of the supply plan. *At least one alternative plan must be of low carbon intensity and include:*

(a) *The generation or acquisition of an amount of renewable energy greater than required by NRS 704.7821;*

- (b) Changes to the utility's existing fleet of resources for the generation of power;*
- (c) The application of technology that would significantly reduce emissions of carbon; or*
- (d) Any combination thereof.*

2. A utility shall identify the criteria it has used for the selection of its options for meeting the expected future demands for electric energy and shall explain how any conflicts among criteria are resolved.

3. In comparing alternative plans containing different resource options, the utility shall calculate the present worth of future requirements for revenue for each alternative plan for the supply of power. A comparison of the present worth of future requirements for revenue for each alternative plan must be presented in the resource plan. *As calculated pursuant to this subsection, the present worth of future requirements for revenue for each alternative plan must include, without limitation, a reasonable range of costs associated with emissions of carbon in the 20-year period of the resource plan as private costs to the utility.*

4. The utility shall calculate the present worth of societal costs for each alternative plan for the supply of power. The present worth of societal costs of a particular alternative plan must be determined by adding the environmental costs *that are not internalized as private costs to the utility pursuant to subsection 3* to the present worth of future requirements for revenue.

5. The utility shall consider for each alternative plan the mitigation of risk by means of:
- (a) Flexibility;
  - (b) Diversity;
  - (c) Reduced size of commitments;
  - (d) Choice of projects that can be completed in short periods;
  - (e) Displacement of fuel;

- (f) Reliability;
- (g) Selection of fuel and energy supply portfolios; and
- (h) Financial instruments or electricity products.

6. The alternative plans of the utility must:

- (a) Provide adequate reliability;
- (b) Be within regulatory and financial constraints;
- (c) Meet the portfolio standard; and
- (d) Meet the requirements for environmental protection.

7. The utility shall identify its preferred plan and fully justify its choice by setting forth the criteria that influenced the utility's choice.

## NOTICE OF ADOPTION OF REGULATION

The Public Utilities Commission adopted regulations assigned LCB File No. R173-09 (Docket No. 09-07013) which pertain to chapter 704 of the Nevada Administrative Code on March 31, 2010. A copy of the regulations as adopted is attached.

### LEGISLATIVE REVIEW OF ADOPTED REGULATIONS AS REQUIRED BY NRS 233B.066 LCB FILE NO. R173-09 (DOCKET NO. 09-07013)

The following informational statement is submitted for adopted amendments to Nevada Administrative Code Chapter 704.

**1. A description of how public comment was solicited, a summary of public response, and explanation of how other interested persons may obtain a copy of the summary.**

Copies of the proposed regulations, notice of intent to act upon the regulation and notice of workshop and hearing were sent by U.S. mail and email to persons who were known to have an interest in prescribing the form and substance of a standard net metering contract and tariff. These documents were also made available at the website of the Public Utilities Commission (“PUC”), <http://pucweb1.state.nv.us/PUCN/>, mailed to all county libraries in Nevada, published in the following newspapers:

Elko Daily Free Press  
Las Vegas Review Journal  
Nevada Appeal  
Reno Gazette Journal  
Tonopah Times-Bonanza

and posted at the following locations:

Public Utilities Commission  
1150 East William Street  
Carson City, NV 89701

Public Utilities Commission  
101 Convention Center Drive, Suite 250  
Las Vegas, NV 89109

First Judicial District Court  
885 East Musser Street  
Carson City, Nevada 89701

Second Judicial District Court  
75 Court Street  
Reno, NV 89501

Eighth Judicial District Court  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, NV 89155

Participants discussed parties’ recommendations relating to amending Chapters 703 and/or 704 of the Nevada Administrative Code to address low carbon intensity scenarios and related matters in

accordance with Senate Bill 165, including the means of including in the electric utilities' integrated resource plan for supply side options, at least once scenario to consider low carbon intensity options.

Transcripts of the proceedings are available for review at the office of the PUC, 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

2. **The number of persons who:**
  - (a) **attended each hearing:** February 11 and 12, 2010 –Appx. 10 each day
  - (b) **testified at each hearing:** February 11, 2010 – 3; February 12, 2010 - 4
  - (c) **submitted to the agency written comments:** 4
  
3. **A description of how comment was solicited from affected businesses, a summary of their response and an explanation how other interested persons may obtain a copy of the summary.**

Comments were solicited from affected businesses in the same manner as they were solicited from the public.

The summary may be obtained as instructed in the response to question #1.

4. **If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The permanent regulations were adopted on March 31, 2010.

5. **The estimated economic effect of the adopted regulation on the businesses which it is to regulate and on the public. These must be stated separately, and each case must include:**
  - (a) **Both adverse and beneficial effects;**
  - (b) **Both immediate and long-term effects;**

(a) Both adverse and beneficial effects:

No adverse effects of the proposed regulations on small businesses are anticipated. The streamlining of the application process may save time and money for the utility, the public, and small businesses. No additional costs are anticipated for small businesses.

(b) Both immediate and long-term effects:

See Item #5(a).

6. **The estimated cost to the agency for enforcement of the adopted regulation.**

There is no additional cost to the agency for enforcement of these regulations.

7. **A description of any regulation of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

These regulations do not overlap or duplicate any federal, state, or local regulations.

8. **If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.**

N/A

9. **If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

N/A

10. **If the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?**

The PUC determined that the proposed regulations do not impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In making this determination, the PUC adopted the findings of the Regulatory Operations Staff, which conducted a Delphi Method exercise to determine the impacts. The Delphi Method is a systematic, interactive, forecasting method based on independent inputs of selected experts.