

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

**LCB FILE NO. R060-18I**

**The following document is the initial draft regulation proposed  
by the agency submitted on 03/26/2018**

PROPOSED REGULATION OF  
THE PUBLIC UTILITIES COMMISSION OF NEVADA

Docket No. 17-07020

Explanation – Matter in ***bold italic*** is new; matter in ~~strike through~~ is material to be omitted.

AUTHORITY: NRS 703.025, 704.210, 704.7821, SB 65(2017)

A REGULATION to implement Senate Bill 65 (2017)

**Section 1.** NAC 704.9215 is hereby amended to read as follows:

NAC 704.9215 Summary of resource plan. (NRS 703.025, 704.210, 704.741)

1. A utility's resource plan must be accompanied by a summary that is suitable for distribution to the public. The summary must contain easily interpretable tables, graphs and maps and must not contain any complex explanations or highly technical language. The summary must be approximately 30 pages in length.

2. The summary must include:

(a) A brief introduction, addressed to the public, describing the utility, its facilities and the purpose of the resource plan, and the relationship between the resource plan and the strategic plan of the utility for the duration of the period covered by the resource plan.

(b) The forecast of low growth, the forecast of high growth and the forecast of base growth of the peak demand for electric energy and of the annual electrical consumption, for the next 20 years, commencing with the year following the year in which the resource plan is filed, both with and without the impacts of programs for energy efficiency and conservation and an explanation of the economic and demographic assumptions associated with each forecast.

(c) A summary of the demand side plan listing each program and its effectiveness in terms of costs and showing the 20-year forecast of the reduction of demand and the contribution of each program to this forecast.

(d) A summary of the preferred plan showing each planned addition to the system for the next 20 years, commencing with the year following the year in which the resource plan is filed, with its anticipated capacity, cost and date of beginning service.

***(e) A summary and explanation of how the preferred plan reduces customer exposure to the price volatility of fossil fuels and the potential cost of carbon.***

~~(e)-(f)~~ A summary of renewable energy showing how the utility intends to comply with the portfolio standard and listing each existing contract for renewable energy and each existing

contract for the purchase of renewable energy credits and the term and anticipated cost of each such contract.

~~(f)~~ **(g)** A summary of:

(1) The energy supply plan for the next 3 years setting out the anticipated cost, price volatility and reliability risks of the energy supply plan;

(2) The risk management strategy;

(3) The fuel procurement plan; and

(4) The purchased power procurement plan.

~~(g)~~ **(h)** A summary of the activities, acquisitions and costs included in the action plan of the utility.

~~(h)~~ **(i)** An integrated evaluation of the components of the resource plan which relates the preferred plan to the objectives of the strategic plan of the utility, and any other information useful in presenting to the public a comprehensive summary of the utility and its expected development.

**Sec. 2** NAC 704.9359 is hereby amended to read as follows:

NAC 704.9359 Determination of environmental costs to State. (NRS 703.025, 704.210, 704.741)

The environmental costs to the State associated with operating and maintaining a supply plan or demand side plan must be quantified for air emissions, water and land use, **and the social cost of carbon**. Environmental costs are those costs, wherever they may occur, that result from harm or risks of harm to the environment after the application of all mitigation measures required by existing environmental regulation or otherwise included in the resource plan.

**Sec. 3** NAC 704.937 is hereby amended to read as follows:

NAC 704.937 Inclusion in supply plan of alternative plans and list of options for supply of capacity and electric energy; criteria for selection of options; comparison of and requirements for alternative plans; identification of preferred plan. (NRS 703.025, 704.210, 704.741)

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 present worth of societal costs for each alternative plan for the supply of power shall include:***

***(a) The utility's assumption of the level of environmental costs for carbon dioxide emissions for that year, and shall include the social cost of carbon in its calculation of environmental costs.***

***(b) The social cost of carbon shall be equal to the difference between the net present value of the future global economic costs resulting from emission of an additional ton of carbon dioxide and the costs from emissions of carbon internalized as private costs to the utility pursuant to subsection 3.***

**6. *The utility shall calculate the social cost of carbon using the best available science and economics utilizing the analysis provided by the August 2016 Technical Support Document titled "Technical Update of the Social Cost of Carbon for Regulatory Impact" produced by the federal Interagency Working Group on the Social Cost of Greenhouse Gases ("the Interagency Working Group Model").***

**7. *In addition to calculating the social cost of carbon as set forth in subsection 6 above, the utility may submit a calculation of the social cost of carbon in a different manner,***

*provided that this alternative calculation utilizes best available science and economics and is of equivalent quality to the Interagency Working Group Model, and provided that the utility includes support in its filing for use of such alternative methodology.*

5 (8). 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 (10). 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 (9). The utility shall identify its preferred plan and fully justify its choice by setting forth the criteria that influenced the utility's choice.

**Sec. 4** NAC 704.945 is hereby amended to read as follows:

NAC 704.945 Resource plan: Inclusion of certain tables and graphs. (NRS 703.025, 704.210, 704.741)

1. A utility shall include in its resource plan a table of loads and resources for each supply plan analyzed. The table must include the following data for each year of the resource plan:

- (a) The capacity provided by each supply resource;
- (b) The total expected capacity of all resources;
- (c) The forecasted peak demand;

- (d) The estimated impact of new programs for energy efficiency and conservation;
- (e) The expected capacity and energy provided by renewable resources, categorized by type;
- (f) The required planning reserves;
- (g) The total capacity required;
- (h) The excess or deficiency of capacity without additional resources; and
- (i) The excess or deficiency of capacity with additional planned resources.

2. A graph must be included for the preferred plan of the utility showing, over the 20-year planning period:

- (a) The total resources requirements;
- (b) The total demand without new programs for energy efficiency and conservation;
- (c) The total demand with new programs for energy efficiency and conservation;
- (d) The total capacity with additional planned resources; and
- (e) The total capacity without additional resources.

3. A graph must be included for the preferred plan that shows, for each year of the 20-year planning period, the excess or required capacity both with and without the additional planned resources.

**4. A utility shall present for each year of the resource plan a table showing the following data for each supply plan under consideration:**

- (a) The projected mix of generation by fuel type; and,**
- (b) The projected total emissions of carbon dioxide**

**5. A utility shall present for each year of the resource plan a graph showing the percentage change in the preferred plan's projected total emissions of carbon dioxide that would result from each supply plan under consideration.**

4. (6) A graph or table must be provided that shows the allocation of the capacity of the transmission system of the utility between bundled retail transmission customers, unbundled retail transmission customers and wholesale transmission customers.

**Sec. 5** NAC 704.952 is hereby amended to read as follow:

NAC 704.952 Sessions for reviewing plans: Scheduling; procedure for resolving issues; summary of topics and conclusions; overview of anticipated filing or amendment of resource plan. (NRS 703.025, 704.210, 704.741)

1. A utility may schedule sessions for reviewing plans and providing an opportunity for interested persons to:

(a) Learn of progress by the utility in developing plans and amendments to plans;

(b) Determine whether key assumptions are being applied in a consistent and acceptable manner;

(c) Determine whether key results are reasonable; and

(d) Offer suggestions on other matters as appropriate.

2. If the utility, the Bureau of Consumer Protection in the Office of the Attorney General, the staff or any other person participating in the process cannot agree to schedule sessions for reviewing plans, any of those persons may petition the Commission to schedule the sessions.

3. The parties involved in the review sessions may establish, at the beginning of the sessions, a procedure to resolve any technical issues that are discussed during the sessions.

4. If review sessions are held pursuant to subsection 1, the utility shall prepare a brief summary of the major topics on the agendas and the conclusions reached by the parties during the review sessions. The summary must be provided to the Commission in conjunction with testimony supporting the utility's plan.

5. ~~At least 4 months before the anticipated date for filing the resource plan,~~ **The utility shall comply with *the provisions of NRS 704.XXX* by meeting with staff, and the personnel of the Bureau of Consumer Protection, *and any other interested persons*, to provide an overview of the anticipated filing, *prior to filing a resource plan or an amendment to the utility's resource plan.***

6. ~~Before a utility may file an amendment to its resource plan, the utility must meet with staff and the personnel of the Bureau of Consumer Protection to provide an overview of the anticipated amendment.~~ ***Notice for any meeting held pursuant to subsection 5 shall be provided by publication of the date, time, location and explanation of the purpose of the meeting on the Utility's website and the Commission's website, and by distribution by the Utility through electronic mail to a service list maintained by the Commission.***