

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

LCB File No. R106-19

January 6, 2019

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

AUTHORITY: §§1-9 and 11-15, NRS 703.025, 704.210 and 704.796; §10, NRS 703.025, 704.210, 704.796 and 704.797.

A REGULATION relating to energy storage; establishing biennial targets for the procurement of energy storage systems by certain electric utilities; requiring certain electric utilities to include an energy storage plan in the integrated resource plan of the utilities; requiring these electric utilities to periodically update the energy storage plan; authorizing the Public Utilities Commission of Nevada to waive or defer compliance with the biennial storage targets under certain circumstances; authorizing the Commission to modify the biennial energy storage targets under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Public Utilities Commission of Nevada to establish by regulation biennial targets for the procurement of energy storage systems by an electric utility which has had a gross annual operating revenue of \$250,000,000 or more if the Commission determines that the establishment of such targets is in the public interest. (NRS 704.187, 704.792, 704.796) **Section 10** of this regulation establishes biennial targets for the procurement of energy storage systems by such electric utilities, with a target for the procurement of 1,000 megawatts by December 31, 2030. **Section 10** also establishes requirements for the types of energy storage systems which may be used to meet the biennial energy storage targets established by the Commission.

Existing law requires the Commission, in establishing biennial energy storage targets, to also establish requirements for the filing by an electric utility of annual or biennial plans to meet those targets. (NRS 704.796) **Section 11** of this regulation requires the electric utilities subject to the biennial energy storage targets to include an energy storage plan in the integrated resource plan of the electric utilities.

Section 12 of this regulation requires the electric utilities subject to the biennial energy storage targets to submit an update of the energy storage plan as part of the electric utilities' energy supply plan.

Section 13 of this regulation authorizes the electric utilities subject to the biennial energy storage targets to seek and obtain a waiver or deferral of an energy storage target that falls within the 3-year period covered by the electric utilities' action plan.

Section 14 of this regulation provides that the requirements of this regulation do not apply to the electric utilities subject to the biennial energy storage targets after the earlier of December 31, 2030, or after the date on which the energy storage system resources procured by the utility meet or exceed the amount of the energy storage target for the biennial period ending on December 31, 2030. **Section 15** of this regulation provides that this regulation expires by limitation on the earlier of those dates.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 14, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 14, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 9, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Action plan” has the meaning ascribed to it in NAC 704.9006.*

Sec. 4. *“Affiliated utilities” means the electric utilities required by NRS 704.741 to file a joint resource plan.*

Sec. 5. *“Biennial energy storage targets” means the biennial targets for the procurement of cost-effective energy storage systems by the affiliated utilities, which are established by the Commission in subsection 1 of section 10 of this regulation or in an order described in subsection 5 of section 10 of this regulation.*

Sec. 6. *“Distributed resources plan” has the meaning ascribed to it in section 3 of LCB File No. R029-19.*

Sec. 7. *“Energy storage plan” means a plan developed by the affiliated utilities to meet or exceed the biennial energy storage targets.*

Sec. 8. *“Energy storage system” has the meaning ascribed to it in NRS 704.793.*

Sec. 9. *“Resource plan” has the meaning ascribed to it in NAC 704.9156.*

Sec. 10. 1. *Except as otherwise provided in subsection 5 or section 13 of this regulation, pursuant to NRS 704.796, the Commission establishes the following biennial targets for the procurement of energy storage systems by the affiliated utilities:*

- (a) 100 megawatts by December 31, 2020;*
- (b) 200 megawatts by December 31, 2022;*
- (c) 400 megawatts by December 31, 2024;*
- (d) 600 megawatts by December 31, 2026;*
- (e) 800 megawatts by December 31, 2028; and*
- (f) 1,000 megawatts by December 31, 2030.*

2. *To meet the biennial energy storage targets:*

(a) Affiliated utilities may procure energy storage systems that are either centralized or distributed and either owned by the affiliated utilities or by any other person.

(b) An energy storage system must satisfy the requirements of subsection 2 of NRS 704.797 and may be connected to and used as a component of the transmission and distribution system of an affiliated utility.

(c) When units of storage for a particular energy storage system and technology need to be converted, equivalent megawatts and megawatt hours will be reported.

3. *The biennial energy storage targets are cumulative and include energy storage system resources approved by the Commission and procured by the affiliated utilities via contract before and after the effective date of this regulation.*

4. *The biennial energy storage targets do not limit the amount of energy storage system resources that may be procured by an electric utility.*

5. When reviewing the resource plan submitted by the affiliated utilities, the Commission will also review the biennial energy storage targets and determine whether the biennial energy storage targets should be altered. The Commission may establish new biennial energy storage targets in an order denying, approving or modifying the resource plan.

Sec. 11. 1. Except as otherwise provided in section 14 of this regulation, affiliated utilities shall include an energy storage plan in the resource plan filed by the affiliated utilities. The energy storage plan must be consistent with the action plan and the distributed resources plan submitted by the affiliated utilities.

2. The energy storage plan must include, without limitation:

(a) A proposal by the affiliated utilities to meet or exceed the biennial energy storage targets that fall within the period covered by the action plan;

(b) A summary of all energy storage system projects for which the affiliated utilities are seeking approval in the action plan or distributed resources plan of the affiliated utilities;

(c) A description of how energy storage system resources are being modeled and considered in the existing planning process;

(d) An evaluation of the costs and benefits of the deployment of energy storage, which must include, without limitation, a description of the affiliated utilities' cost-benefit analysis framework where benefits include all reductions in resource costs as well as cost savings associated with other services or alternatives that would otherwise have been procured. The cost-benefit analysis must include, without limitation:

(1) Recent and relevant publicly available storage price and storage performance information; and

(2) Findings from any relevant request for proposals, if applicable.

Sec. 12. *Except as otherwise provided in section 14 of this regulation, beginning in calendar year 2022, the affiliated utilities shall, in each year following a biennial energy storage target, submit an energy storage update within the energy supply plan of the affiliated utilities. The energy storage update must include a description of the progress of the affiliated utilities in meeting biennial energy storage targets, including, without limitation:*

1. The cumulative level of installed and operational energy storage and energy storage under contract, including, without limitation, energy storage projects previously identified in a distributed resources plan;

2. A description of where energy storage projects that are under contract but are not yet operational are in the development timeline;

3. The type of technology being deployed for each energy storage project;

4. The procured equivalent nameplate capacity of the energy storage projects in both megawatts and megawatt-hours;

5. The location of the project, including, without limitation, the city and zip code, if that information is public;

6. The primary and, if applicable, secondary application of each energy storage project;

7. The process through which the energy storage project was procured including, without limitation, an identification of whether the project was procured through a request for proposal, bilateral negotiations or other means;

8. Relevant dates for each energy storage project including, without limitation, the contract date, the estimated commercial operation date for planned projects and the actual commercial operation date for projects that are already in operation;

9. The project owner and the operator of each energy storage project, including, without limitation, the product manufacturer;

10. Actual equivalent capacity in both megawatts and megawatt-hours of projects with a capacity greater than 20 megawatts;

11. An update on the energy storage procurement activities included in the most recent resource plan of the affiliated utilities; and

12. The results of annual storage capacity tests of installed energy storage systems with an initial capacity greater than 1 megawatt, including, without limitation, a report of actual capacity expressed in megawatts, the actual storage capacity expressed in megawatt-hours, and the annual degradation level, if any.

Sec. 13. *The affiliated utilities may seek and obtain a waiver or deferral of a biennial energy storage target that falls within the 3-year period covered by the action plan. The request for a waiver or deferral must include, without limitation:*

1. An explanation of why the procured cumulative amount of energy storage did not meet the biennial energy storage target, along with data and analysis supporting the assertions in this explanation.

2. A demonstration that an effort was made to solicit or develop the resources needed to meet the biennial energy storage target under consideration, with an explanation of why energy storage was not solicited or not selected if other resources were selected. The explanation may include, without limitation, the cost and benefits for energy storage, where benefits include all reductions in resource costs as well as cost savings associated with other services or alternatives that would have otherwise been procured.

Sec. 14. *The affiliated utilities are not subject to the requirements of sections 2 to 14, inclusive, of this regulation after the earlier of:*

1. The date on which the sum total of energy storage system resources approved by the Commission and procured by the affiliated utilities meets or exceeds 1,000 megawatts; or

2. December 31, 2030.

Sec. 15. 1. This regulation expires by limitation on the earlier of:

(a) The date on which the sum total of energy storage system resources approved by the Commission and procured by the affiliated utilities meets or exceeds 1,000 megawatts; or

(b) December 31, 2030.

2. As used in this section, “affiliated utilities” has the meaning ascribed to it in section 4 of this regulation.