

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

LCB FILE NO. R029-22I

**The following document is the initial draft regulation proposed
by the agency submitted on 03/08/2022**

PROPOSED REGULATION OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA

Docket No. 19-06029 Phase 4

March 7, 2022

Re: SB 547 (2019), Section 10

Explanation - Matter in ***bold italic*** is new; matter in brackets ~~[omitted material]~~ is material to be omitted

Section 1. Chapter 704B of NAC is hereby amended by adding thereto a new section to read as follows:

1. ***“Bundled electric service” means the provision of energy, capacity, ancillary services, transmission, and distribution services by an electric utility.***
2. ***“Otherwise applicable rates” mean the full margin rates, charges, and fees that an eligible customer would be required to pay as a bundled electric service customer pursuant to customer-class-specific schedules applicable to the electric utility’s customers of bundled electric service who are not served under an energy supply agreement.***
3. ***For an eligible customer purchasing energy, capacity, or ancillary services from a provider of new electric resources to purchase bundled electric service from an electric utility, the eligible customer and the electric utility must jointly apply to the Commission for approval.***
4. ***A joint application submitted pursuant to subsection 3 must:***
 - a. ***Identify the eligible customer and include the eligible customer’s contact information;***
 - b. ***Identify the eligible customer’s current point of receipt and points of delivery;***
 - c. ***Identify the proposed date of commencement of bundled electric service;***
 - d. ***Identify the amount of energy, capacity, and ancillary services to be purchased by the eligible customer from the electric utility, including foreseeable load growth for each point of delivery, estimated number of megawatts or megawatt-hours to be delivered, and load ramps, if any;***

e. Identify the schedule under which the eligible customer is proposed to be served, or, if the eligible customer is to be served pursuant to an energy supply agreement, include a copy of the proposed energy supply agreement;

f. Include the following evidence demonstrating why the eligible customer's return to bundled electric service does not harm existing customers of the electric utility:

(1) Information regarding the effect of the proposed bundled electric service on the reliability of electric service to existing customers, including information demonstrating that the electric utility has or will have sufficient resources to provide the proposed bundled service, with identification of any additional resources that the electric utility intends to secure to serve the eligible customer; and

(2) Information regarding the effect of the proposed bundled electric service on the electric utility's ability to comply with the renewable portfolio standard and to achieve reductions in greenhouse gas emissions, including but not limited to the following information:

(I) Whether and how much the utility's greenhouse gas emissions will increase as a result of providing service to the eligible customer for the next 5 and 10 years;

(II) Actions the utility can take to reduce greenhouse gas emissions while serving the eligible customer and the costs of such actions; and

(III) Whether additional portfolio energy credits are required for the electric utility to comply with the renewable portfolio standard, the actions the utility can take to obtain portfolio energy credits, and the cost of such actions.

g. If the eligible customer is proposed to be served pursuant to an energy supply agreement, include the following additional evidence demonstrating why the eligible customer's return to bundled electric service does not harm existing customers of the electric utility, specifically showing that the revenues and benefits derived from providing the proposed bundled electric service equal or outweigh the costs to serve the customer:

(1) Information regarding costs of providing the proposed bundled electric service to the eligible customer, including the system costs of additions to the supply resources and the production costs associated with operation of the expanded supply system required to serve the customer's load;

(2) Information regarding revenues associated with the proposed bundled electric service to the eligible customer;

(3) Information quantifying benefits achieved by the electric utility or non-participating customers as a result of the eligible customer purchasing bundled electric service;

(4) Information regarding any proposed renewable energy resources utilized to serve the eligible customer;

(5) Information comparing the energy service agreement pricing to the net present value for the proposed contract duration of the projected comparable commodity purchases calculated using publicly available trading hub prices at the nearest physical trading hub to the delivery point; and

(6) Any other information that the joint applicants believe will assist the Commission in evaluating the net impact of the proposal on existing customers.

h. Include and file with the Commission, and serve on Regulatory Operations Staff and the Bureau of Consumer Protection any workpapers in electronic executable file format.

5. Within 135 days of a joint application being filed pursuant to subsection 3, the Commission will grant, deny, or modify the joint application unless the joint application is required to contain the information outlined in subsection 4(g). If the joint application is required to contain the information outlined in subsection 4(g), the Commission will grant, deny, or modify the joint application within 180 days. In granting or modifying the joint application, the Commission shall order such terms and conditions as the Commission deems necessary and appropriate to ensure that the purchase of bundled electric service from an electric utility does not harm the existing customers of the electric utility. Such terms and conditions shall be identified in the order granting or modifying the joint application and may include, but are not limited to:

a. The eligible customer paying its otherwise applicable rates.

b. The eligible customer paying its load-ratio share of the costs of programs or other investments that are necessary to achieve legislatively-mandated public policy objectives.

c. Provisions necessary to protect existing customers from risks of inadequate energy supply. Such provisions may include, but are not limited to:

(1) A delay of the effective date of bundled service; or

(2) A requirement for the eligible customer to take service under the tariff approved pursuant to NRS 704B.330 until such time as resource adequacy can be established.

d. Provisions necessary to protect existing customers from risks associated with potential increases in the costs of serving the eligible customer in the future. Such provisions may include, but are not limited to:

(1) A shortened effective period for an energy supply agreement;

(2) True-up mechanisms or indexed-based pricing adjustments; and

(3) Mechanisms that shift to the electric utility the risk of under-collection of revenue necessary to offset the costs of serving the eligible customer.

6. Within 30 days of the issuance of a final order granting or modifying a joint application submitted pursuant to subsection 3, the joint applicants shall file with the Commission notice of whether they intend to proceed with the eligible customer's proposed return to bundled electric service under the terms and conditions approved by the Commission.

7. A Commission order granting or modifying a joint application submitted pursuant to subsection 3 may provide multiple options for terms and conditions that will ensure that the purchase of bundled electric service from an electric utility does not harm the existing customers of the electric utility. If the Commission identifies multiple options, the joint applicants shall identify which option, if any, they consent to in the notice filed pursuant to subsection 6. Once a final order is issued and the joint applicants have consented to a particular option for applicable terms and conditions, the eligible customer may not select a different option without obtaining Commission approval to modify the applicable terms and conditions of the customer's bundled service.