

ASSEMBLY BILL NO. 223—ASSEMBLYMEN MCCURDY II; BROOKS,
JAUREGUI, MONROE-MORENO, WATKINS AND YEAGER

PREFILED FEBRUARY 13, 2017

JOINT SPONSORS: SENATORS CANNIZZARO AND SEGERBLOM

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to energy efficiency programs. (BDR 58-660)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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

AN ACT relating to energy efficiency programs; requiring an electric utility to submit to the Public Utilities Commission of Nevada an energy efficiency plan designed to be cost effective; prescribing the contents of such a plan; requiring the Commission to determine the cost effectiveness of an energy efficiency plan or energy efficiency program through application of a test of the cost effectiveness of the plan or program that is selected by the Commission; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law requires each electric utility to submit to the Public Utilities
2 Commission of Nevada every 3 years a plan to increase the utility's supply of
3 electricity or decrease the demands made on its system by its customers. Existing
4 law provides that the plan must include certain components, including, without
5 limitation, an energy efficiency program for residential customers. (NRS 704.741)
6 **Section 7** of this bill revises this requirement to require an electric utility to include
7 in its plan an energy efficiency plan for residential customers which reduces the
8 consumption of electricity through energy efficiency and conservation programs
9 and which is designed to be cost effective. **Section 8** of this bill authorizes the
10 Commission to accept an energy efficiency plan that consists of energy efficiency
11 and conservation programs that are not cost effective if the energy efficiency plan
12 as a whole is cost effective. **Section 8** further requires, as long as an energy
13 efficiency plan remains cost effective, that any order of the Commission accepting



14 or modifying an energy efficiency plan or an amendment to such a plan to require
15 that at least 5 percent of the expenditures of the utility on approved energy
16 efficiency and conservation programs in the energy efficiency plan be specifically
17 directed toward energy efficiency programs for low-income customers.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 5, inclusive, of this
3 act.

4 **Sec. 2.** *As used in NRS 704.736 to 704.754, inclusive, and*
5 *sections 2 to 5, inclusive, of this act, unless the context otherwise*
6 *requires, the words and terms defined in sections 3, 4 and 5 of this*
7 *act have the meanings ascribed to them in those sections.*

8 **Sec. 3.** *“Cost effective” means an energy efficiency plan or*
9 *energy efficiency program has a benefit-cost ratio of 1.0 or greater*
10 *as determined by the Commission, using a test of the cost*
11 *effectiveness of the plan or program that:*

- 12 1. *Is selected by the Commission; and*
- 13 2. *Accounts for any non-energy benefits of the plan or*
14 *program.*

15 **Sec. 4.** 1. *“Energy efficiency and conservation program”*
16 *means a program designed, intended or used to improve energy*
17 *efficiency by reducing the energy consumption by a residential*
18 *customer of a utility which supplies electricity in this State.*

19 2. *The term includes, without limitation, a demand-side*
20 *response program or load-limiting program that shifts the*
21 *consumption of energy by a residential customer from one period*
22 *to another period.*

23 3. *The term does not include the implementation or*
24 *assessment of any rate which is based on the time of day, day of*
25 *the week or time of year during which electricity is used or which*
26 *otherwise varies based upon the time during which the electricity*
27 *is used.*

28 **Sec. 5.** (Deleted by amendment.)

29 **Sec. 6.** NRS 704.736 is hereby amended to read as follows:

30 704.736 The application of NRS 704.736 to 704.754, inclusive,
31 *and sections 2 to 5, inclusive, of this act* is limited to any public
32 utility in the business of supplying electricity which has an annual
33 operating revenue in this state of \$2,500,000 or more.

34 **Sec. 7.** NRS 704.741 is hereby amended to read as follows:

35 704.741 1. A utility which supplies electricity in this State
36 shall, on or before July 1 of every third year, in the manner specified
37 by the Commission, submit a plan to increase its supply of



1 electricity or decrease the demands made on its system by its
2 customers to the Commission.

3 2. The Commission shall, by regulation:

4 (a) Prescribe the contents of such a plan, including, but not
5 limited to, the methods or formulas which are used by the utility to:

6 (1) Forecast the future demands; and

7 (2) Determine the best combination of sources of supply to
8 meet the demands or the best method to reduce them; and

9 (b) Designate renewable energy zones and revise the designated
10 renewable energy zones as the Commission deems necessary.

11 3. The Commission shall require the utility to include in its
12 plan:

13 (a) An energy efficiency ~~program~~ *plan* for residential
14 customers *which is cost effective and* which reduces the
15 consumption of electricity or any fossil fuel *through the*
16 *implementation of energy efficiency and conservation programs.*
17 *The energy efficiency plan must include, without limitation:*

18 (1) *An energy efficiency and conservation program for*
19 *residential customers which reduces the consumption of electricity*
20 *or any fossil fuel* and which includes, without limitation, the use of
21 new solar thermal energy sources ~~+~~; and

22 (2) *A proposal for the expenditure of not less than 5 percent*
23 *of the total expenditures related to energy efficiency and*
24 *conservation programs directed to low-income customers of the electric utility.*

25 (b) A comparison of a diverse set of scenarios of the best
26 combination of sources of supply to meet the demands or the best
27 methods to reduce the demands, which must include at least one
28 scenario of low carbon intensity that includes the deployment of
29 distributed generation.

30 (c) An analysis of the effects of the requirements of NRS
31 704.766 to 704.775, inclusive, on the reliability of the distribution
32 system of the utility and the costs to the utility to provide electric
33 service to all customers. The analysis must include an evaluation of
34 the costs and benefits of addressing issues of reliability through
35 investment in the distribution system.

36 (d) A list of the utility's assets described in NRS 704.7338.

37 (e) A surplus asset retirement plan as required by NRS 704.734.

38 4. The Commission shall require the utility to include in its
39 plan a plan for construction or expansion of transmission facilities to
40 serve renewable energy zones and to facilitate the utility in meeting
41 the portfolio standard established by NRS 704.7821.

42 5. As used in this section:

43 (a) "Carbon intensity" means the amount of carbon by weight
44 emitted per unit of energy consumed.
45



1 (b) "Renewable energy zones" means specific geographic zones
2 where renewable energy resources are sufficient to develop
3 generation capacity and where transmission constrains the delivery
4 of electricity from those resources to customers.

5 **Sec. 8.** NRS 704.751 is hereby amended to read as follows:

6 704.751 1. After a utility has filed the plan required pursuant
7 to NRS 704.741, the Commission shall issue an order accepting or
8 modifying the plan or specifying any portions of the plan it deems to
9 be inadequate:

10 (a) Within 135 days for any portion of the plan relating to the
11 energy supply plan for the utility for the 3 years covered by the plan;
12 and

13 (b) Within 180 days for all portions of the plan not described in
14 paragraph (a).

15 ➤ If the Commission issues an order modifying the plan, the utility
16 may consent to or reject some or all of the modifications by filing
17 with the Commission a notice to that effect. Any such notice must
18 be filed not later than 30 days after the date of issuance of the order.
19 If such a notice is filed, any petition for reconsideration or rehearing
20 of the order must be filed with the Commission not later than 10
21 business days after the date the notice is filed.

22 2. If a utility files an amendment to a plan, the Commission
23 shall issue an order accepting or modifying the amendment or
24 specifying any portions of the amendment it deems to be
25 inadequate:

26 (a) Within 135 days after the filing of the amendment; or

27 (b) Within 180 days after the filing of the amendment for all
28 portions of the amendment which contain an element of the
29 emissions reduction and capacity replacement plan.

30 ➤ If the Commission issues an order modifying the amendment, the
31 utility may consent to or reject some or all of the modifications by
32 filing with the Commission a notice to that effect. Any such notice
33 must be filed not later than 30 days after the date of issuance of the
34 order. If such a notice is filed, any petition for reconsideration or
35 rehearing of the order must be filed with the Commission not later
36 than 10 business days after the date the notice is filed.

37 3. All prudent and reasonable expenditures made to develop
38 the utility's plan, including environmental, engineering and other
39 studies, must be recovered from the rates charged to the utility's
40 customers.

41 4. *The Commission may accept an energy efficiency plan*
42 *submitted pursuant to paragraph (a) of subsection 3 of NRS*
43 *704.741 that consists of energy efficiency and conservation*
44 *programs that are not cost effective if the energy efficiency plan as*
45 *a whole is cost effective. Any order issued by the Commission*



1 *accepting or modifying an energy efficiency plan or an*
2 *amendment to such a plan must, if the energy efficiency plan*
3 *remains cost effective, require that not less than 5 percent of the*
4 *total expenditures of the utility on approved energy efficiency and*
5 *conservation programs in the energy efficiency plan must be*
6 *specifically directed to energy efficiency programs for low-income*
7 *customers of the utility.*

8 **5.** The Commission may accept a transmission plan submitted
9 pursuant to subsection 4 of NRS 704.741 for a renewable energy
10 zone if the Commission determines that the construction or
11 expansion of transmission facilities would facilitate the utility
12 meeting the portfolio standard, as defined in NRS 704.7805.

13 ~~5-1~~ **6.** The Commission shall adopt regulations establishing
14 the criteria for determining the adequacy of a transmission plan
15 submitted pursuant to subsection 4 of NRS 704.741.

16 ~~6-1~~ **7.** Any order issued by the Commission accepting or
17 modifying an element of an emissions reduction and capacity
18 replacement plan must include provisions authorizing the electric
19 utility to construct or acquire and own electric generating plants
20 necessary to meet the capacity amounts approved in, and carry out
21 the provisions of, the plan. As used in this subsection, "capacity"
22 means an amount of firm electric generating capacity used by the
23 electric utility for the purpose of preparing a plan filed with the
24 Commission pursuant to NRS 704.736 to 704.754, inclusive ~~1~~ ,
25 *and sections 2 to 5, inclusive, of this act.*

26 **Sec. 9.** This act becomes effective:

- 27 1. Upon passage and approval for the purpose of adopting
28 regulations and performing any other preparatory administrative
29 tasks necessary to carry out the provisions of this act; and
30 2. On July 1, 2017, for all other purposes.

