

Amendment No. 572

Senate Amendment to Senate Bill No. 204 (BDR 58-642)

Proposed by: Senate Committee on Commerce, Labor and Energy

Amendment Box: Replaces Amendment Nos. 98 and 205.

Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION		Initial and Date		SENATE ACTION		Initial and Date			
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

CBC/BJF



Date: 4/20/2017

S.B. No. 204—Requires the Public Utilities Commission of Nevada to investigate and establish a requirement for certain electric utilities to procure energy storage systems under certain circumstances.
(BDR 58-642)



SENATE BILL NO. 204—SENATORS ATKINSON, SPEARMAN; CANCELA, GOICOECHEA,
MANENDO AND SEGERBLOM

FEBRUARY 22, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Requires the Public Utilities Commission of Nevada to investigate and establish ~~the requirement~~ **biennial targets** for certain electric utilities to procure energy storage systems under certain circumstances. (BDR 58-642)

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; requiring the Public Utilities Commission of Nevada to investigate and establish ~~the requirement~~ **biennial targets** for certain electric utilities to procure energy storage systems if certain criteria are satisfied; requiring energy storage systems procured by an electric utility to satisfy such ~~requirements~~ **targets** to meet certain criteria; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 7 of this bill requires the Public Utilities Commission of Nevada to investigate and determine, on or before October 1, 2018, whether it is in the public interest to establish by regulation ~~the requirement~~ **biennial targets** for the procurement of energy storage systems by an electric utility. Under **section 7**, in making this determination, the Commission must consider whether energy storage systems will achieve certain purposes, including, without limitation: (1) the integration of renewable energy resources into the transmission and distribution grid; (2) the improvement in the reliability of the electric grid; (3) a reduction in the emission of greenhouse gases; and (4) certain other purposes. **Section 7** further provides that, in measuring the benefits and costs of energy storage systems, the Commission is required to consider all known and measurable benefits and costs, including, without limitation, certain benefits and costs listed in **section 7**.

If the Commission determines that the benefits of the procurement of energy storage systems exceed the costs, **section 8** of this bill requires the Commission to establish by regulation ~~the annual requirements~~ **biennial targets** for the procurement of energy storage systems by an electric utility. In addition to such a ~~requirement~~ **target**, these regulations must include, without limitation: (1) provisions setting forth the locations for the implementation of energy storage systems; (2) requirements for the utility to submit annual or ~~biannual~~ **biennial plans to meet targets** for the procurement of energy storage systems; (3) a process for reevaluating the ~~annual requirements~~ **biennial targets** at least once every 3 years; (4) a procedure by which the electric utility may obtain a waiver or deferral of ~~the annual requirement~~ **biennial targets** if the electric utility is not able to identify energy storage systems that provide benefits to its customers that exceed the costs of such systems; (5) a requirement for the electric utility to include information concerning energy storage systems in the resource plans filed by the electric utility with the Commission.

25 **Section 9** of this bill establishes the ~~requirements~~ **criteria** for an energy storage system
 26 procured by an electric utility to ~~comply with~~ **meet any** ~~annual requirements~~ **biennial**
 27 **targets** for the procurement of energy storage systems established by the Commission. Under
 28 **section 9**, such a system: (1) may be centralized or distributed; (2) may be owned by the
 29 electric utility or any other person; and (3) must meet certain other criteria.

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

1 **Section 1.** The Legislature hereby finds and declares that:

2 1. Energy storage systems ~~to~~ **provide opportunities to;**

3 (a) Reduce costs to ratepayers by avoiding or deferring the need for new
 4 generation of energy and for upgrades to systems for the transmission and
 5 distribution of energy;

6 (b) Reduce the use of fossil fuels for meeting demand during peak load periods
 7 and for providing ancillary services;

8 (c) Assist electric utilities with integrating sources of renewable energy into the
 9 grids for the transmission and distribution of electricity and with enhancing grid
 10 stability;

11 (d) Support diversification of energy resources and enhance grid security; and

12 (e) Reduce the emission of greenhouse gases and other air pollutants.

13 2. There exist ~~significant barriers to obtaining the benefits of energy storage~~
 14 ~~systems, including, without limitation, inadequate evaluation of the use of energy~~
 15 ~~storage on the transmission and distribution grid through long term resource~~
 16 ~~planning and a lack of recognition of advances in the technology and market for~~
 17 ~~energy storage systems.~~ **opportunities in the current energy storage market**
 18 **which can be enhanced through the sharing of system capabilities, recognition**
 19 **of technological advances, improvement of price structures and use of a**
 20 **collaborative approach to generation, transmission and distribution planning.**

21 3. For the reasons set forth in subsection 1, it is in the public interest to
 22 remove the barriers to the use of energy storage systems in this State by
 23 investigating the ~~potential~~ **costs and** benefits of energy storage systems and, if
 24 such an investigation indicates that the benefits of energy storage systems exceed
 25 the costs of such systems, implementing ~~annual requirements~~ **biennial targets** for
 26 the procurement of energy storage systems by an electric utility in this State.

27 **Sec. 2.** Chapter 704 of NRS is hereby amended by adding thereto the
 28 provisions set forth as sections 3 to 9, inclusive, of this act.

29 **Sec. 3.** *As used in sections 3 to 9, inclusive, of this act, unless the context*
 30 *otherwise requires, the words and terms defined in sections 4, 5 and 6 of this act*
 31 *have the meanings ascribed to them in those sections.*

32 **Sec. 4.** *“Electric utility” has the meaning ascribed to it in NRS 704.187.*

33 **Sec. 5.** *“Energy storage system” means commercially available technology*
 34 *that is capable of retaining energy, storing the energy for a period of time and*
 35 *delivering the energy after storage, including, without limitation, by chemical,*
 36 *thermal or mechanical means.*

37 **Sec. 6.** *“Procure” or “procurement” means to acquire by ownership or by a*
 38 *contractual right to use the energy from, or the capacity of, an energy storage*
 39 *system.*

40 **Sec. 7.** 1. *On or before October 1, 2018, the Commission shall determine*
 41 *whether it is in the public interest to establish by regulation ~~requirements~~*
 42 ***biennial targets** for the procurement of energy storage systems by an electric*
 43 *utility.*

1 2. In making the determination required by subsection 1, the Commission
2 shall consider:

3 (a) Whether the procurement of energy storage systems by an electric utility
4 will achieve the following purposes:

5 (1) The integration of renewable energy resources which generate
6 electricity on an intermittent basis into the transmission and distribution grid of
7 the electric utility.

8 (2) The improvement of the reliability of the systems for the transmission
9 and distribution of electricity.

10 (3) The increased use of renewable energy resources to generate
11 electricity.

12 (4) The reduction of the need for the additional generation of electricity
13 during periods of peak demand.

14 (5) The avoidance or deferral of investment by the electric utility in
15 generation, transmission and distribution of electricity.

16 (6) The replacement of ancillary services provided by facilities using
17 fossil fuels with ancillary services provided by the use of energy storage systems.

18 (7) The reduction of greenhouse gas emissions.

19 (b) The interconnection of energy storage systems at each point of the
20 electric grid, including, without limitation, in the transmission and distribution of
21 electricity and at the site of the customer.

22 3. For the purposes of subsection 1, the Commission shall determine that
23 the establishment of ~~requirements~~ targets for the procurement of energy storage
24 systems by an electric utility is in the public interest if the benefits to customers of
25 the electric utility exceed the costs of the procurement of energy storage systems.
26 In calculating the benefits and costs of the procurement of energy storage
27 systems, the Commission shall consider all known and measurable benefits and
28 costs, including, without limitation:

29 (a) A reduction in the need for the additional generation of electricity during
30 periods of peak demand;

31 (b) A reduction in line losses;

32 (c) The benefits and costs related to ancillary services;

33 (d) Avoided costs for additional generation, transmission and generation
34 capacity;

35 (e) The benefits arising from a reduction of greenhouse gas emissions and
36 the emission of other air pollutants;

37 (f) The benefits and costs related to voltage support;

38 (g) The benefits of diversifying the types of resources used for the generation
39 of electricity;

40 (h) The administrative costs incurred by the electric utility;

41 (i) The cost to the electric utility of the integration of energy storage systems
42 into the transmission and distribution grid; and

43 (j) The cost of energy storage systems.

44 Sec. 8. If, pursuant to section 7 of this act, the Commission determines that
45 it is in the public interest to establish by regulation ~~requirements~~ targets for the
46 procurement of energy storage systems by an electric utility, the Commission
47 shall adopt regulations:

48 1. Establishing ~~annual requirements~~ biennial targets for the procurement
49 of energy storage systems by the electric utility; ~~which increase over time~~

50 2. Setting forth the ~~locations~~ points of interconnection on the electric grid
51 for the implementation of energy storage systems;

52 3. Establishing that an energy storage system may be owned by the electric
53 utility or any other person;

1 4. Establishing requirements for the filing by the electric utility of annual
2 or ~~biannual~~ biennial plans to meet biennial targets for the procurement and
3 implementation of energy storage systems;

4 5. Prescribing a procedure by which the Commission must, at least once
5 every 3 years, reevaluate the ~~annual requirements~~ biennial targets for the
6 procurement of energy storage systems by the electric utility;

7 6. Establishing a procedure by which an electric utility may obtain a waiver
8 or deferral of the ~~requirement to procure~~ biennial targets for the procurement
9 of energy storage systems if the electric utility is not able to identify energy
10 storage systems that provide benefits to customers of the utility that exceed the
11 costs of energy storage systems; and

12 7. Requiring the electric utility to include such information as the
13 Commission may require in each plan submitted by the electric utility pursuant to
14 NRS 704.741.

15 Sec. 9. L. If the Commission adopts regulations pursuant to section 8 of
16 this act to establish ~~annual requirements~~ biennial targets for the procurement
17 of energy storage systems by an electric utility, to meet the ~~annual requirements~~
18 targets set forth in those regulations, the electric utility ~~is~~

19 ~~1. May~~ may procure ~~any~~ energy storage ~~system~~ systems that ~~is~~ are
20 either centralized or distributed and either owned by the utility or by any other
21 person ~~is~~, as prescribed by regulation of the Commission.

22 2. ~~Must procure an electric~~ Electric energy storage ~~system that~~ systems
23 procured by an electric utility to meet any biennial targets for the procurement of
24 energy storage systems established by regulation pursuant to section 8 of this act
25 must:

- 26 (a) ~~Reduces~~ Reduce peak demand for electricity;
27 (b) ~~Avoids~~ Avoid or ~~defers~~ defer investment by the electric utility in assets
28 for the generation, transmission and distribution of electricity;
29 (c) ~~Improves~~ Improve the reliability of the operation of the transmission or
30 distribution grid;
31 (d) ~~Reduces~~ Reduce the emission of greenhouse gases or other air
32 pollutants; or
33 (e) ~~Integrates~~ Integrate renewable energy into the electric grid.

34 Sec. 10. This act becomes effective on July 1, 2017.