

SENATE BILL NO. 65—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE OFFICE OF ENERGY
IN THE OFFICE OF THE GOVERNOR)

PREFILED NOVEMBER 17, 2016

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions related to the filing by certain electric utilities of an integrated resource plan. (BDR 58-167)

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 public utilities; requiring the Public Utilities Commission of Nevada to require certain utilities which supply electricity in this State to provide an overview of the utility's resource plan or any amendment to the resource plan at least 4 months before filing the plan or within a reasonable period before filing the amendment; requiring the Commission to give preference to certain measures and sources of supply when determining the adequacy of a resource plan; requiring the Commission to consider the cost of such measures and sources of supply to the utility's customers when making such a determination; requiring the Commission to include its justification for not giving preference to such measures and sources of supply in certain orders approving or modifying a resource plan or an amendment to such a plan; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law establishes provisions governing public hearings on the adequacy
- 2 of a utility's plan to increase its supply of electricity or decrease the demands made
- 3 on its system. Existing law also authorizes the Commission, in determining the



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4 adequacy of a utility's plan, to give preference to the measures and sources of
5 supply that meet certain criteria, including providing the greatest economic and
6 environmental benefits to the State and providing the greatest opportunity for the
7 creation of new jobs in this State. (NRS 704.746)

8 **Section 1** of this bill requires the Public Utilities Commission of Nevada to
9 require a utility which supplies electricity in this State to meet with personnel from
10 the Commission and the Bureau of Consumer Protection in the Office of the
11 Attorney General and any other interested persons at least 4 months before filing a
12 resource plan or within a reasonable period before filing an amendment to an
13 existing plan to provide an overview of the plan or amendment.

14 **Section 6** of this bill requires the Commission to give preference to those
15 measures and sources of supply that provide the greatest economic and
16 environmental benefits to the State, as well as those that provide for diverse
17 electricity supply portfolios and which reduce customer exposure to price volatility
18 of fossil fuels and the potential costs of carbon. Under **section 6**, in determining the
19 preference given to such measures and sources of supply, the Commission is
20 required to consider the cost of those measures and sources of supply to the
21 customers of the electric utility. **Section 6.5** of this bill requires any order of the
22 Commission accepting or modifying a utility's plan or an amendment to such plan
23 that does not give preference to those measures and sources of supply to include the
24 Commission's justification for not giving preference to those measures and sources
25 of supply.

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 a new section to read as follows:

3 *The Commission shall require each utility which supplies*
4 *electricity in this State, not less than 4 months before filing a plan*
5 *required pursuant to NRS 704.741, or within a reasonable period*
6 *before filing an amendment to such a plan pursuant to NRS*
7 *704.751, to meet with personnel from the Commission and the*
8 *Bureau of Consumer Protection in the Office of the Attorney*
9 *General and any other interested persons to provide an overview*
10 *of the anticipated filing or amendment.*

11 **Sec. 2.** NRS 704.032 is hereby amended to read as follows:

12 704.032 The Office of Economic Development may participate
13 in proceedings before the Public Utilities Commission of Nevada
14 concerning a public utility in the business of supplying electricity or
15 natural gas to advocate the accommodation of the State Plan for
16 Economic Development developed by the Executive Director of the
17 Office pursuant to subsection 2 of NRS 231.053. The Office of
18 Economic Development may intervene as a matter of right in a
19 proceeding pursuant to NRS 704.736 to 704.754, inclusive, *and*
20 *section 1 of this act* or 704.991.



1 **Sec. 3.** NRS 704.635 is hereby amended to read as follows:

2 704.635 When a complaint has been filed with the Commission
3 alleging that a person is providing a service which requires a
4 certificate of public convenience and necessity, or when the
5 Commission has reason to believe that any provision of NRS
6 704.005 to 704.754, inclusive, *and section 1 of this act* or 704.9901
7 is being violated, the Commission shall investigate the operation
8 and may, after a hearing, issue an order requiring that the person
9 cease and desist from any operation in violation of NRS 704.005 to
10 704.754, inclusive, *and section 1 of this act* or 704.9901. The
11 Commission shall enforce the order under the powers vested in the
12 Commission by NRS 704.005 to 704.754, inclusive, *and section 1*
13 *of this act* or 704.9901 or other law.

14 **Sec. 4.** NRS 704.640 is hereby amended to read as follows:

15 704.640 Except as otherwise provided in NRS 704.6881 to
16 704.6884, inclusive, any person who:

17 1. Operates any public utility to which NRS 704.005 to
18 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993
19 to 704.999, inclusive, apply without first obtaining a certificate of
20 public convenience and necessity or in violation of its terms;

21 2. Fails to make any return or report required by NRS 704.005
22 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and
23 704.993 to 704.999, inclusive, or by the Commission pursuant to
24 NRS 704.005 to 704.754, inclusive, *and section 1 of this act*,
25 704.9901 and 704.993 to 704.999, inclusive;

26 3. Violates, or procures, aids or abets the violating of any
27 provision of NRS 704.005 to 704.754, inclusive, *and section 1 of*
28 *this act*, 704.9901 and 704.993 to 704.999, inclusive;

29 4. Fails to obey any order, decision or regulation of the
30 Commission;

31 5. Procures, aids or abets any person in the failure to obey the
32 order, decision or regulation; or

33 6. Advertises, solicits, proffers bids or otherwise holds himself,
34 herself or itself out to perform as a public utility in violation of any
35 of the provisions of NRS 704.005 to 704.754, inclusive, *and section*
36 *1 of this act*, 704.9901 and 704.993 to 704.999, inclusive,

37 ➤ shall be fined not more than \$500.

38 **Sec. 5.** NRS 704.736 is hereby amended to read as follows:

39 704.736 The application of NRS 704.736 to 704.754, inclusive,
40 *and section 1 of this act* is limited to any public utility in the
41 business of supplying electricity which has an annual operating
42 revenue in this state of \$2,500,000 or more.



1 **Sec. 6.** NRS 704.746 is hereby amended to read as follows:

2 704.746 1. After a utility has filed its plan pursuant to NRS
3 704.741, the Commission shall convene a public hearing on the
4 adequacy of the plan.

5 2. The Commission shall determine the parties to the public
6 hearing on the adequacy of the plan. A person or governmental
7 entity may petition the Commission for leave to intervene as a party.
8 The Commission must grant a petition to intervene as a party in the
9 hearing if the person or entity has relevant material evidence to
10 provide concerning the adequacy of the plan. The Commission may
11 limit participation of an intervener in the hearing to avoid
12 duplication and may prohibit continued participation in the hearing
13 by an intervener if the Commission determines that continued
14 participation will unduly broaden the issues, will not provide
15 additional relevant material evidence or is not necessary to further
16 the public interest.

17 3. In addition to any party to the hearing, any interested person
18 may make comments to the Commission regarding the contents and
19 adequacy of the plan.

20 4. After the hearing, the Commission shall determine whether:

21 (a) The forecast requirements of the utility are based on
22 substantially accurate data and an adequate method of forecasting.

23 (b) The plan identifies and takes into account any present and
24 projected reductions in the demand for energy that may result from
25 measures to improve energy efficiency in the industrial,
26 commercial, residential and energy producing sectors of the area
27 being served.

28 (c) The plan adequately demonstrates the economic,
29 environmental and other benefits to this State and to the customers
30 of the utility, associated with the following possible measures and
31 sources of supply:

32 (1) Improvements in energy efficiency;

33 (2) Pooling of power;

34 (3) Purchases of power from neighboring states or countries;

35 (4) Facilities that operate on solar or geothermal energy or
36 wind;

37 (5) Facilities that operate on the principle of cogeneration or
38 hydrogeneration;

39 (6) Other generation facilities; and

40 (7) Other transmission facilities.

41 5. The Commission ~~may~~ **shall** give preference to the
42 measures and sources of supply set forth in paragraph (c) of
43 subsection 4 that:

44 (a) Provide the greatest economic and environmental benefits to
45 the State;



- 1 (b) Are consistent with the provisions of this section;
- 2 (c) Provide levels of service that are adequate and reliable; ~~and~~
- 3 (d) Provide the greatest opportunity for the creation of new jobs
- 4 in this State ~~+~~; and

5 *(e) Provide for diverse electricity supply portfolios and which*
6 *reduce customer exposure to the price volatility of fossil fuels and*
7 *the potential costs of carbon.*

8 *↳ In considering the measures and sources of supply set forth in*
9 *paragraph (c) of subsection 4 and determining the preference*
10 *given to such measures and sources of supply, the Commission*
11 *shall consider the cost of those measures and sources of supply to*
12 *the customers of the electric utility.*

13 6. The Commission shall:

14 (a) Adopt regulations which determine the level of preference to
15 be given to those measures and sources of supply; and

16 (b) Consider the value to the public of using water efficiently
17 when it is determining those preferences.

18 7. The Commission shall:

19 (a) Consider the level of financial commitment from developers
20 of renewable energy projects in each renewable energy zone, as
21 designated pursuant to subsection 2 of NRS 704.741; and

22 (b) Adopt regulations establishing a process for considering
23 such commitments including, without limitation, contracts for the
24 sale of energy, leases of land and mineral rights, cash deposits and
25 letters of credit.

26 8. The Commission shall, after a hearing, review and accept or
27 modify an emissions reduction and capacity replacement plan which
28 includes each element required by NRS 704.7316. In considering
29 whether to accept or modify an emissions reduction and capacity
30 replacement plan, the Commission shall consider:

31 (a) The cost to the customers of the electric utility to implement
32 the plan;

33 (b) Whether the plan provides the greatest economic benefit to
34 this State;

35 (c) Whether the plan provides the greatest opportunities for the
36 creation of new jobs in this State; and

37 (d) Whether the plan represents the best value to the customers
38 of the electric utility.

39 **Sec. 6.5.** NRS 704.751 is hereby amended to read as follows:

40 704.751 1. After a utility has filed the plan required pursuant
41 to NRS 704.741, the Commission shall issue an order accepting or
42 modifying the plan or specifying any portions of the plan it deems to
43 be inadequate:



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

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

6 ➤ If the Commission issues an order modifying the plan, the utility
7 may consent to or reject some or all of the modifications by filing
8 with the Commission a notice to that effect. Any such notice must
9 be filed not later than 30 days after the date of issuance of the order.
10 If such a notice is filed, any petition for reconsideration or rehearing
11 of the order must be filed with the Commission not later than 10
12 business days after the date the notice is filed.

13 2. If a utility files an amendment to a plan, the Commission
14 shall issue an order accepting or modifying the amendment or
15 specifying any portions of the amendment it deems to be
16 inadequate:

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

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

21 ➤ If the Commission issues an order modifying the amendment, the
22 utility may consent to or reject some or all of the modifications by
23 filing with the Commission a notice to that effect. Any such notice
24 must be filed not later than 30 days after the date of issuance of the
25 order. If such a notice is filed, any petition for reconsideration or
26 rehearing of the order must be filed with the Commission not later
27 than 10 business days after the date the notice is filed.

28 3. *Any order issued by the Commission accepting or*
29 *modifying a plan required pursuant to NRS 704.741 or an*
30 *amendment to such a plan that does not give preference to the*
31 *measures and sources of supply set forth in paragraph (c) of*
32 *subsection 4 of NRS 704.746 must include the justification of the*
33 *Commission for not giving preference to those measures and*
34 *sources of supply.*

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

39 ~~4~~ 5. The Commission may accept a transmission plan
40 submitted pursuant to subsection 4 of NRS 704.741 for a renewable
41 energy zone if the Commission determines that the construction or
42 expansion of transmission facilities would facilitate the utility
43 meeting the portfolio standard, as defined in NRS 704.7805.



1 ~~15.1~~ 6. The Commission shall adopt regulations establishing
2 the criteria for determining the adequacy of a transmission plan
3 submitted pursuant to subsection 4 of NRS 704.741.

4 ~~16.1~~ 7. Any order issued by the Commission accepting or
5 modifying an element of an emissions reduction and capacity
6 replacement plan must include provisions authorizing the electric
7 utility to construct or acquire and own electric generating plants
8 necessary to meet the capacity amounts approved in, and carry out
9 the provisions of, the plan. As used in this subsection, "capacity"
10 means an amount of firm electric generating capacity used by the
11 electric utility for the purpose of preparing a plan filed with the
12 Commission pursuant to NRS 704.736 to 704.754, inclusive.

13 **Sec. 7.** Notwithstanding the provisions of section 1 of this act,
14 the 4-month period described in that section does not apply to a
15 utility which supplies electricity in this State which is required to
16 file a plan pursuant to NRS 704.741 on or before the date that is 4
17 months after the effective date of this act. The Public Utilities
18 Commission of Nevada shall require such a utility to conduct the
19 meeting required by section 1 of this act within a reasonable period
20 before the date on which the utility is required to file the plan
21 pursuant to NRS 704.741.

22 **Sec. 8.** This act becomes effective upon passage and approval.

