



NEVADA'S RENEWABLE PORTFOLIO STANDARD

**Presentation to Assembly Committee on Commerce & Labor
Subcommittee on Energy**

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February 13, 2017**

NEVADA'S RENEWABLE PORTFOLIO STANDARD

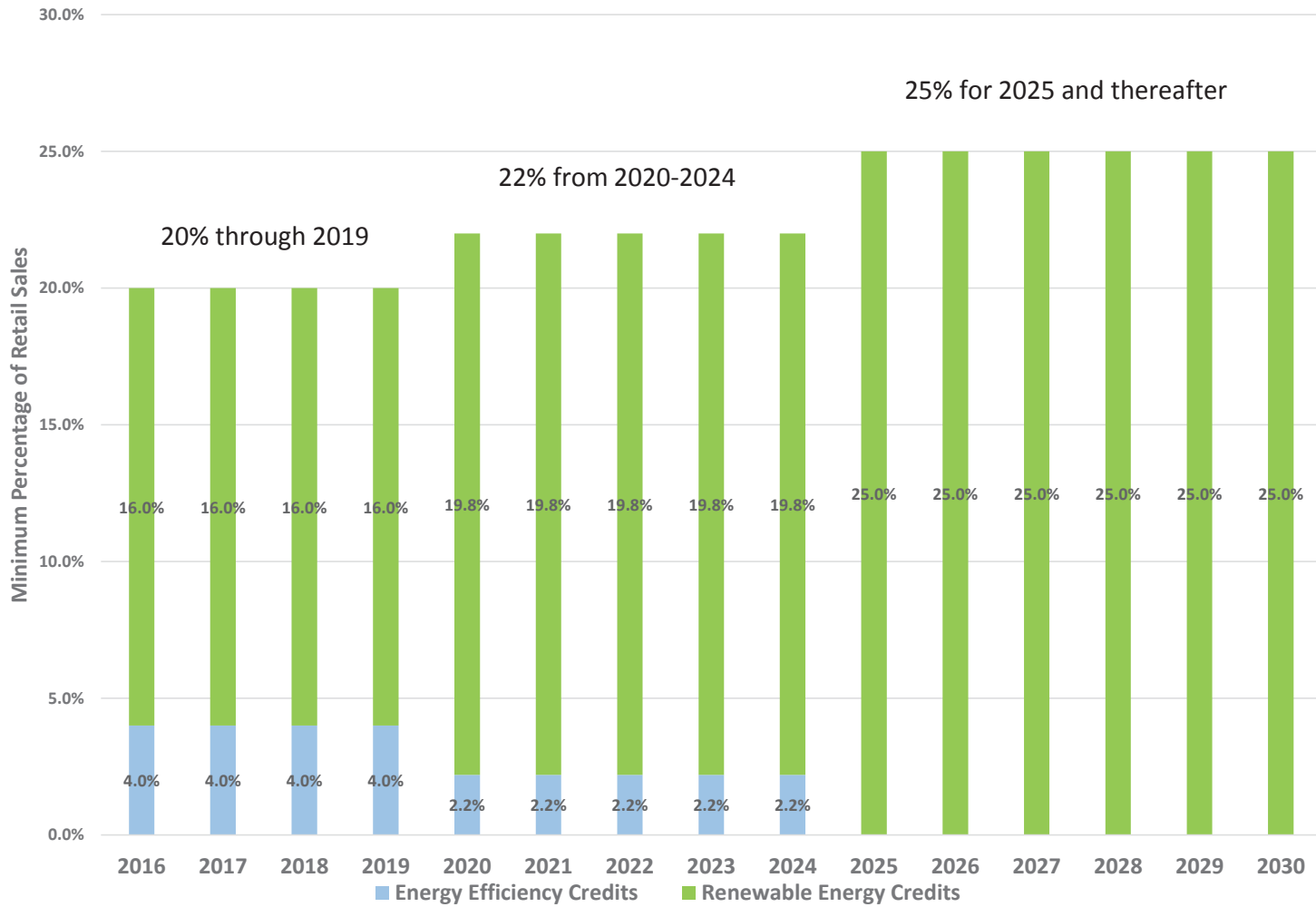
NRS 704.7801 – 704.7828

- Nevada's Renewable Portfolio Standard (RPS) requires an electric utility, or other provider of electric service, to generate or acquire renewable energy or save electricity in an amount that is not less than a specified percentage of the total amount of electricity sold by the utility to its retail customers during a calendar year.
- The RPS law provides for establishment of a system of portfolio energy credits (PECs) that may be used by the utility to comply with the standard, with the utility generally entitled to one PEC for each kWh of generated energy by a renewable energy system or saved by an efficiency measure.

CURRENT RPS PERCENTAGES AND PHASE-OUT OF ENERGY EFFICIENCY CREDITS

- The current RPS for Nevada Power Company and Sierra Pacific Power Company is 20%. It stays at 20% through 2019, then increases to 22% from 2020-2024, and then increases to 25% for 2025 and subsequent years.
- Prior to passage of SB 252 in 2013, an electric utility could meet up to 25% of its RPS for a compliance year with credits earned from energy efficiency measures.
- As amended by SB 252, the 25% energy efficiency credit carve-out in the RPS is phased out, dropping to 20% from 2015 through 2019, then 10% from 2020-2024, and then eliminated from 2025 forward.

CURRENT RPS AND PHASE-OUT OF ENERGY EFFICIENCY CREDITS



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THERE ARE MORE RENEWABLE ENERGY CREDITS THAN KWH OF RENEWABLE ENERGY

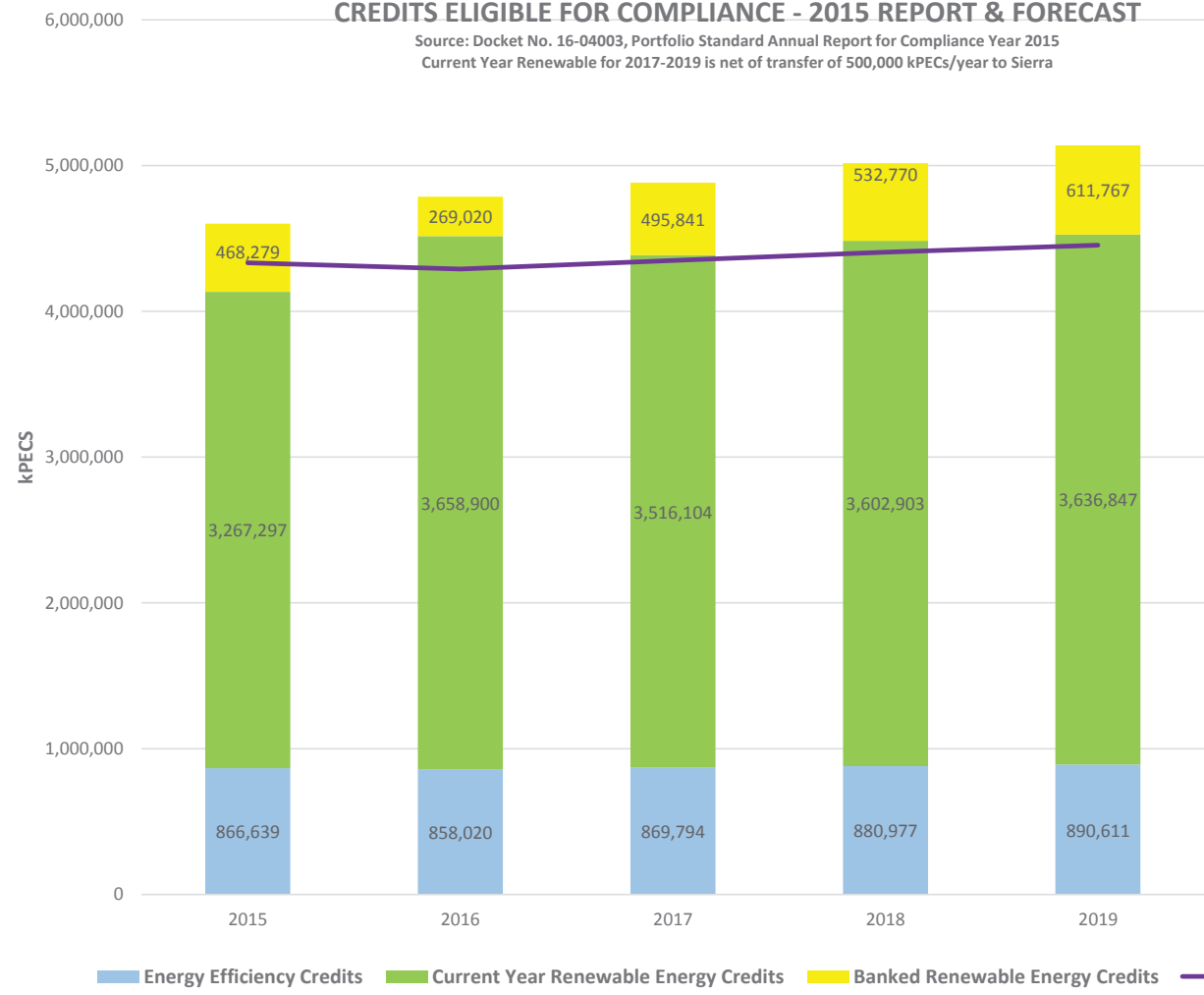
- The amount of renewable energy PECs available to an electric utility for RPS compliance in a calendar year is not an accurate indicator of the amount of kWh of renewable energy generated during that calendar year.
- Reasons for the discrepancy:
 - The 2.4 multiplier for credits from certain solar PV generation
 - Granting credits for kWh used for “station use” or “parasitic load” that are never delivered to the grid
 - Ability to use “banked” credits from prior years

NEVADA'S RPS IS NOT CURRENTLY DRIVING THE TRANSITION TO RENEWABLE ENERGY

- Nevada Power Company's RPS Compliance Outlook from August 2016 shows that it does not require more renewable energy for RPS compliance until 2025.
- Sierra Pacific Power Company's RPS Compliance Outlook from July 2016 shows that it does not require more renewable energy for RPS compliance until 2021.
- Utilities' RPS Annual Reports for Compliance Year 2016 will be filed in April 2017, with updated RPS projections for 2017-2020.

NEVADA POWER COMPANY RPS CREDITS ELIGIBLE FOR COMPLIANCE - 2015 REPORT & FORECAST

Source: Docket No. 16-04003, Portfolio Standard Annual Report for Compliance Year 2015
Current Year Renewable for 2017-2019 is net of transfer of 500,000 kPECs/year to Sierra



RPS:

| | |
|------|-----|
| 2015 | 20% |
| 2016 | 20% |
| 2017 | 20% |
| 2018 | 20% |
| 2019 | 20% |

RPS Achieved:

| | |
|------|-------|
| 2015 | 21.2% |
| 2016 | 22.3% |
| 2017 | 22.5% |
| 2018 | 22.8% |
| 2019 | 23.1% |

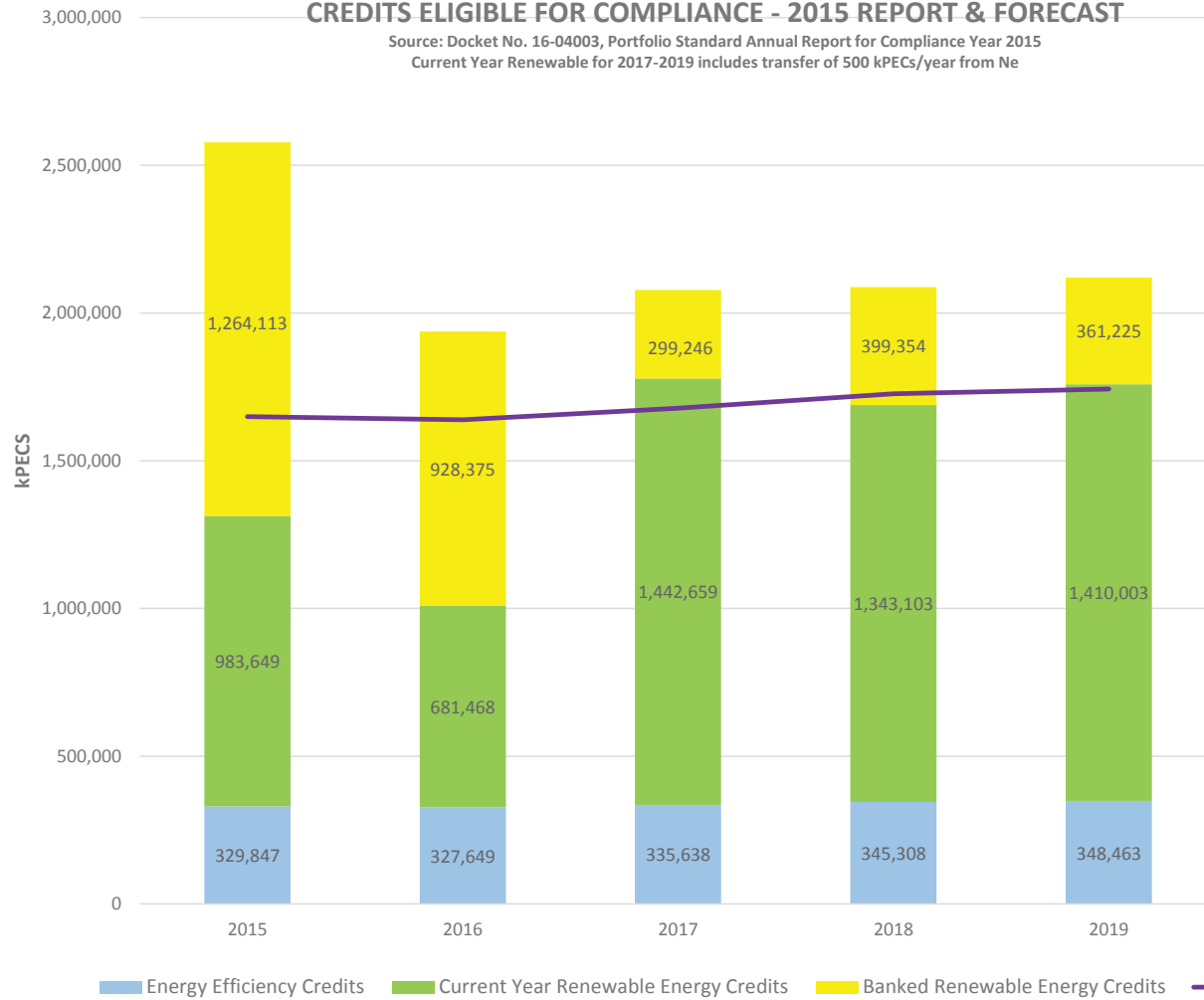
Current Renewable:

| | |
|------|-------|
| 2015 | 15.1% |
| 2016 | 17.1% |
| 2017 | 16.2% |
| 2018 | 16.4% |
| 2019 | 16.3% |

Energy Efficiency Credits Current Year Renewable Energy Credits Banked Renewable Energy Credits RPS Requirement

SIERRA PACIFIC POWER COMPANY RPS CREDITS ELIGIBLE FOR COMPLIANCE - 2015 REPORT & FORECAST

Source: Docket No. 16-04003, Portfolio Standard Annual Report for Compliance Year 2015
Current Year Renewable for 2017-2019 includes transfer of 500 kPECs/year from Ne



RPS:

| | |
|------|-----|
| 2015 | 20% |
| 2016 | 20% |
| 2017 | 20% |
| 2018 | 20% |
| 2019 | 20% |

RPS Achieved:

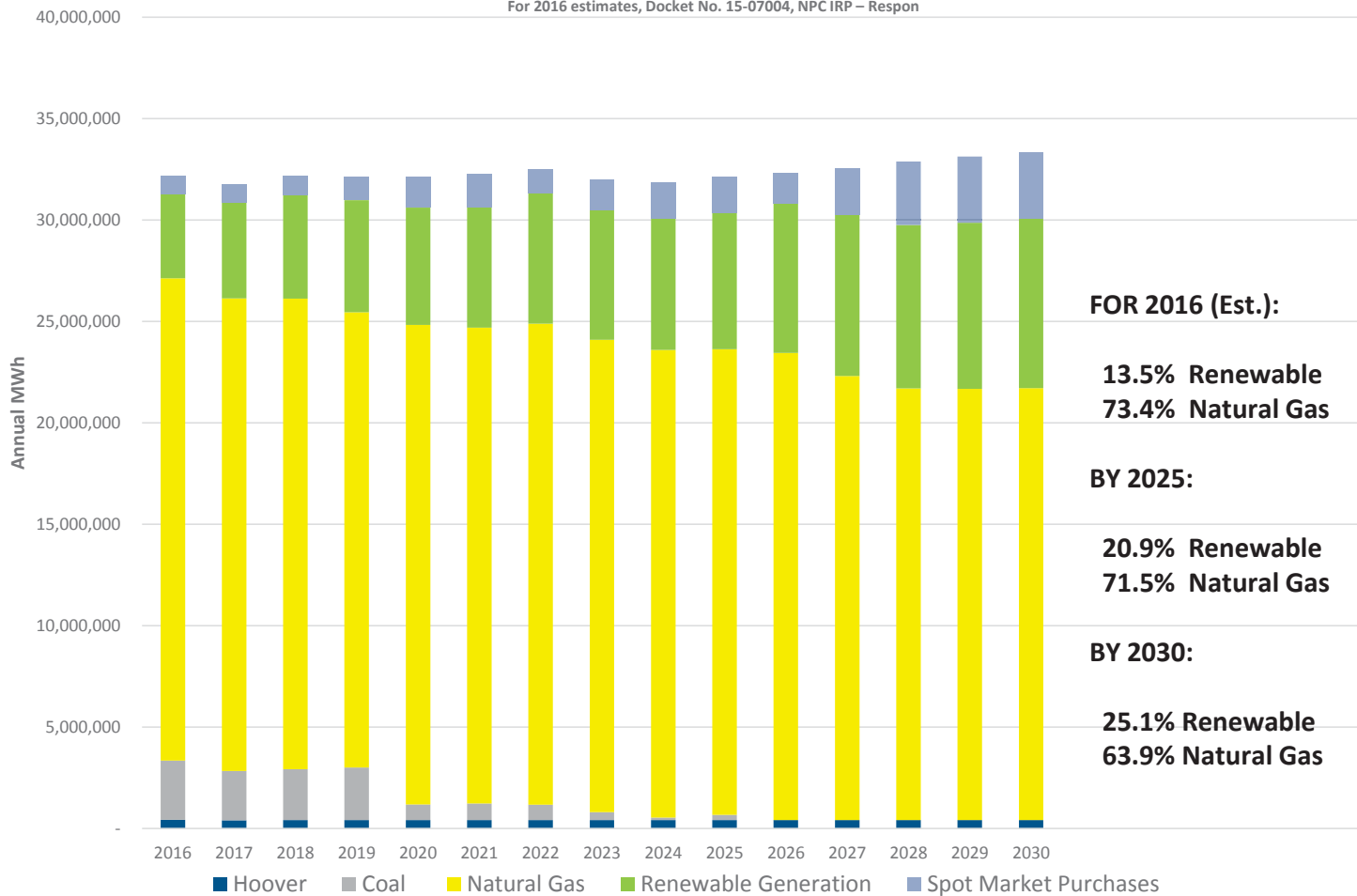
| | |
|------|-------|
| 2015 | 31.3% |
| 2016 | 23.7% |
| 2017 | 24.8% |
| 2018 | 24.2% |
| 2019 | 24.3% |

Current Renewable:

| | |
|------|-------|
| 2015 | 11.9% |
| 2016 | 8.3% |
| 2017 | 17.2% |
| 2018 | 15.6% |
| 2019 | 16.2% |

NV ENERGY'S PROJECTED FUEL MIX

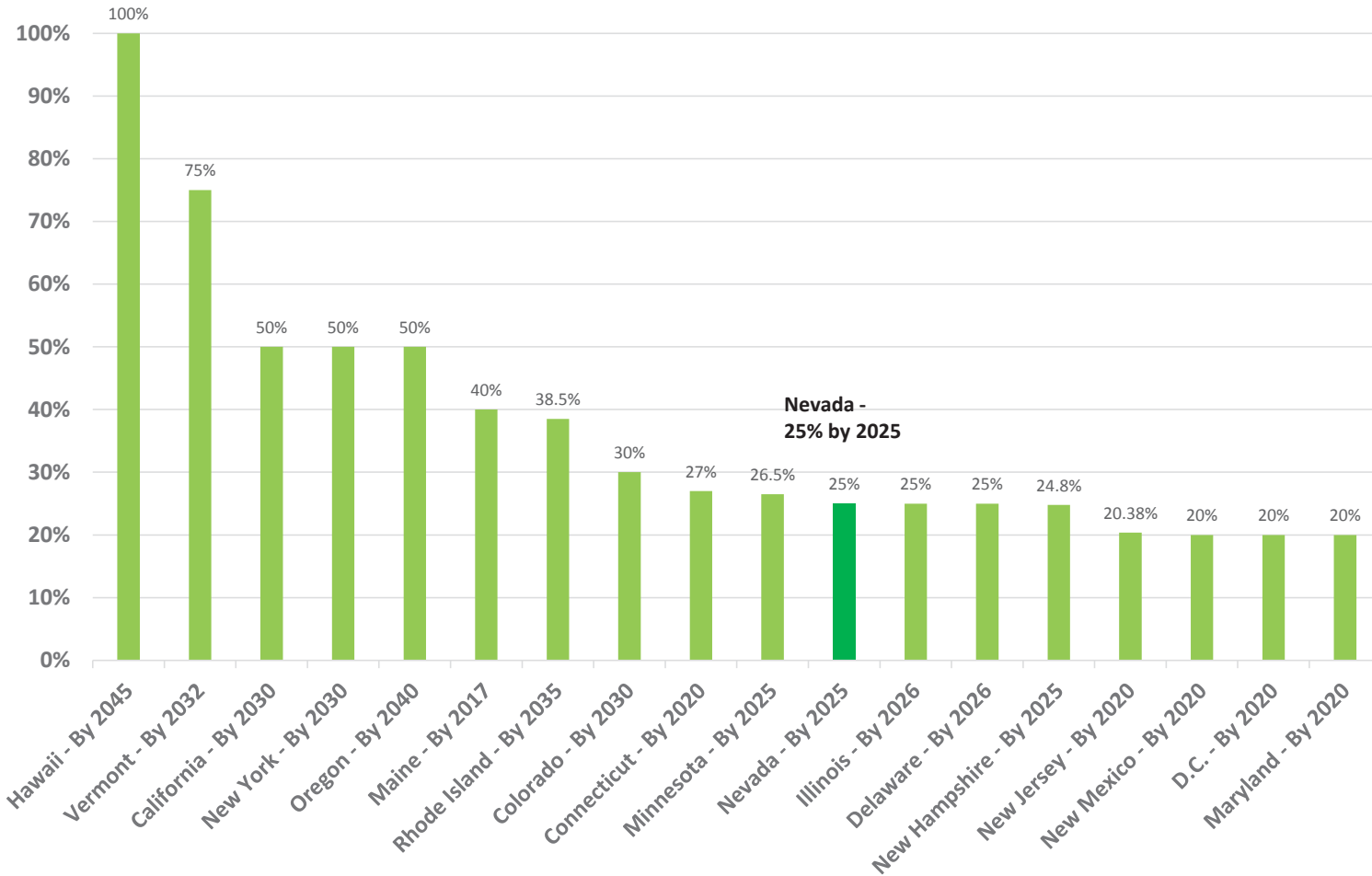
Joint System Energy + Customer Generation
 Sources: Docket Nos. 16-07001, SPPC IRP & 16-08027, NPC IRP Amendment - Response to NCARE 2-03; Load Forecasts
 For 2016 estimates, Docket No. 15-07004, NPC IRP - Respon



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RPS COMPARISONS – STATES AT 20% OR HIGHER

Source: Database of State Incentives for Renewables & Efficiency
<http://www.dsireusa.org/resources/detailed-summary-maps/>



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QUESTIONS?

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About Western Resource Advocates - Founded in 1989, Western Resource Advocates is dedicated to protecting the West's land, air and water. Western Resource Advocates' Clean Energy Program works in the Interior West to transition electricity production away from fossil fuels towards clean, renewable energy, and advance energy efficiency in order to prevent catastrophic climate change, improve air quality, and protect public health.