

LCB File No. R122-00

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

NOTICE OF INTENT

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In Re Investigation of issues to be considered as a)
result of the restructuring of the electric industry) Docket No. 97-8001
(pursuant to NRS 704.965 to 704.990, inclusive).)
_____)

NOTICE OF WORKSHOP AND NOTICE OF HEARING
NOTICE OF INTENT TO ADOPT REGULATIONS
(LOAD FORECASTING)

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada (“Commission”) will hold a **WORKSHOP at 10:00 a.m. on Wednesday, August 30, 2000**, at the offices of the Commission, 1150 E. William Street, Carson City, Nevada 89701, Hearing Room A, at which time interested persons may appear and be heard. This workshop may continue from day to day as necessary. At this time, the Commission has reserved Wednesday, August 30, 2000, for this workshop. The purpose of this workshop is to receive comments from all interested persons regarding the adoption of a regulation that pertains to Chapter 704 of the Nevada Administrative Code (“NAC”).

NOTICE IS ALSO GIVEN that the Commission will hold a **HEARING at 1:00 p.m. on Wednesday, August 30, 2000**, at the offices of the Commission, 1150 E. William Street, Carson City, Nevada 89701, Hearing Room A, at which time interested persons may appear and be heard. This hearing may continue from day to day as necessary. At this time, the Commission has reserved the afternoon of Wednesday, August 30, 2000 for this hearing. The purpose of this hearing is to receive comments from all interested persons regarding the adoption of a regulation that pertains to Chapter 704 of the NAC.

The following information is provided pursuant to the requirements of Nevada Revised Statute (“NRS”) 233B.0603:

The Commission is required to adopt a regulation pursuant to the provisions of NRS

704.965 to 704.990, inclusive, which provides for the restructuring of the electric industry. At this time, the Commission proposes to adopt a regulation which concerns the regular forecasts of electric capacity and energy based on information submitted to the commission by providers of potentially competitive services or noncompetitive services (NRS 704.988).

The provisions of the proposed regulation potentially affect all entities which offer or which will offer electric services as well as all customers of such entities. At this time the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulation, either immediate or long-term, which may result from the regulation. However, it is anticipated that some electric utilities may bear additional costs in collecting and disseminating the required information on an annual basis. No adverse economic effects, either immediate or long-term, are expected to inure to the public. The public may experience beneficial economic effects in that the regulation may help ensure the availability of adequate, reliable, efficient and economic electric service.

The Commission at this time does not envision any increased costs associated with enforcement of this proposed regulation. This regulation does not overlap or duplicate any other state or local government regulation, nor does it establish any new fee or increase an existing fee.

Persons wishing to comment on the proposed action of the Commission may appear at the workshop or public hearing or may address their comments, data, views or arguments, in written form, to the Secretary of the Commission, 1150 East William Street, Carson City, Nevada 89701, or 101 Convention Center Drive, Suite 250, Las Vegas Nevada 89109.

COMMENTS for the WORKSHOP and PREFILED TESTIMONY for the HEARING must be received by the Commission **on or before Wednesday, August 23, 2000**. If no person who is directly affected by the proposed action appears to request time to make an oral presentation at the hearing, the Commission may proceed immediately to act upon any written submissions, including the adoption of the proposed regulation.

A copy of this notice and the regulation to be adopted will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the regulation to be adopted will be available at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701, or 101 Convention Center Drive, Suite 250, Las Vegas Nevada 89109; and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying

by members of the public during business hours. This notice and the text of the proposed regulation are also available in the State of Nevada Register of Administrative Regulations which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulation will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary by the Commission.

Upon adoption of any regulation, the Commission, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption, and incorporate therein its reasons for overruling the consideration urged against its adoption.

This notice has been posted at the county courthouses located in Reno, Carson City, and Las Vegas.

By the Commission,

CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

(SEAL) _____

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

PUCN Docket No. 97-8001 (Load Forecasting)

LCB File No. R122-00

July 21, 2000

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

[Revisions are changes from the draft proposed by the Public Utilities Commission Staff on February 2, 1999 and noticed for public comment by the Public Utilities Commission for use at the workshop held on July 21, 2000.]

AUTHORITY: NRS 704.988

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as Section 1 to 8, inclusive, of this regulation.

Sec. 2 As used in sections 3 to 8, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in this section of this regulation have the meanings ascribed to them in this section.

“Aggregation service” defined. Aggregation service has the meaning ascribed to it in NRS 704.966.

“Alternative seller” defined. Alternative seller has the meaning ascribed to it in NRS 704.967.

“CAIDI” defined. CAIDI = The Customers Interruption Durations divided by the Total Number of Customer Interruptions.

“Customer” defined. Customer has the meaning ascribed to it in NRS 704.968.

“Customer class” defined. Customer class refers to the classification of customers described in NAC 704.926(1).

“Distribution system” defined. The portion of the electric distribution utility's system within an operating area that delivers electric energy from the transmission system to an end-use customer and that has been classified as distribution in the FERC transmission and distribution classification process.

“Electric distribution utility” defined. Electric distribution utility has the same meaning as that ascribed to it in NRS 704.970.

“Generation service” defined. Generation service has the meaning ascribed to it in NRS 704.972.

“Geographic region” defined. A subdivision of the electric distribution utility’s service territory in northern or southern Nevada. The subdivisions for each service territory will be identified in Staff’s request pursuant to section 6(2)(a) of this regulation.

“Interruption” defined. An interruption is the loss of electric service to one or more customers.

“Interruptions, caused by events outside of distribution system” defined. Interruptions that cause the loss of service to at least one customer that are caused by events outside of the distribution system or on non-company owned facilities.

“Interruption, forced” defined. An interruption that results from conditions directly associated with a component being taken out of service immediately, either automatically or as a result of manual switching operations, or an interruption caused by improper operation of equipment or human error.

“Interruptions, momentary” defined. A single interruption with a duration of five minutes or less.

“Interruption, scheduled” defined. An interruption that results when a component is deliberately taken out of service at a selected time.

“Interruptions, sustained” defined. An interruption with a duration of greater than five minutes.

“Loss of electric service” defined. The loss of electrical power, a complete loss of voltage, to one or more customers or meters. This does not include any of the power quality issues: sags, swells, impulses, or harmonics.

“MAIFI” defined. MAIFI = The Total Number Of Customer Momentary Interruptions divided by The Total Number of Customers Served.

“Major events” defined. A catastrophic event that exceeds the design limits of the electric power system and is characterized as follows:

- a) Causes extensive damage to the electric power system; and
- b) Results in a simultaneous sustained interruption to more than 10 percent of the customers in an operating area; and
- c) Requires longer than 24 hours, from the beginning of the event, for full restoration of service to customers.

“Noncompetitive service” defined. Noncompetitive service has the meaning ascribed to it in NRS 704.973.

“Operating Area” defined. An area described as the electric distribution utility’s southern or northern distribution system.

“Outage” defined. The state of a component when it is not available to perform its intended function due to some event directly associated with that component.

“Outage, momentary” defined. An outage with a duration of five minutes or less.

“Outage, sustained” defined. An outage with a duration greater than five minutes.

“Potentially competitive service” defined. Potentially competitive service has the meaning ascribed to it in NRS 704.974.

“Power Quality Problem” defined. Any power problem attributed directly to voltage, current, or frequency deviation that results in a customer complaint.

“Request for information” defined. The request for information refers to an annual data request to be submitted to licensed alternative sellers and all other entities providing potentially competitive or noncompetitive services in Nevada pursuant to NRS 704.988.

“SAIFI” defined. $SAIFI = \frac{\text{The Total Number of Customer Interruptions}}{\text{The Total Number of Customers Served}}$.

“SAIDI” defined. $SAIDI = \frac{\text{The Sum Of Customer Interruption Durations}}{\text{The Total Number of Customers Served}}$.

“Staff” defined. Staff means the Public Utilities Commission Regulatory Operations Staff.

“Substantially accurate data” defined. Substantially accurate data means data (1) which every licensed alternative seller and every other provider of potentially competitive and noncompetitive services in Nevada, including electric distribution companies, demonstrates has been gathered from the best sources of information available to it; or (2) whose validity is inherently uncertain but whose use does not substantially contribute to the risk of incorrect conclusions.

“Transmission system operator” defined. The transmission system operator of a control area means the entity responsible for dispatch, monitoring, and scheduling transmission access and transmission rights for the given control area. The transmission system operator may be the control area operator of the electric distribution utility, a regional transmission organization, or it may be an entity that has not yet been defined.

Sec. 3 Dates and Conditions for Alternative Sellers Licensed by the State of Nevada and All Other Providers of Potentially Competitive and Noncompetitive Electric Services to Submit Information

1. Staff may request information from every alternative seller licensed by the State of Nevada and from every other provider of potentially competitive or noncompetitive service in the state of Nevada, including electric distribution utilities, by October 1, 2000, and by October 1 of every year thereafter. The information requested will include information specified in sections 6 and 7 of this regulation and may include additional information that comports with the specifications of section 6(2)(a) and NRS 704.988(3).

2. Staff may, on or before October 1 of any year, provide notice that additional information or a change in the format of information will be required for information recorded beginning with January 1 of the following year and that such additional information or change in format must be incorporated into the response to the subsequent year’s request for information. This additional information must be consistent with NRS 704.988(3).

3. Objections to specific items in a request for information and requests for confidentiality with regard to specific requests must be filed with the commission within twenty calendar days of the issuance of a request for information.

4. Every alternative seller licensed by the State of Nevada and every other provider of a potentially competitive service or noncompetitive service shall respond to the annual request for information on or before July 1, 2001, and by July 1 of every year thereafter. Where possible, information must be submitted in the medium and format requested.

Sec. 4. Annual Report of the Public Utility Commission Staff on the Condition of Electric Power Markets in Nevada.

1. Staff shall submit an annual report on the adequacy, reliability, efficiency, and economy of the electric power markets in Nevada to the commission by December 31, 2001, and every year thereafter. An executive summary of the annual report will be prepared for distribution to the public. The executive summary should contain easily interpretable tables, graphs, and maps and should not contain any complex explanations or highly technical language. The executive summary should address each of the sections of the annual report detailed in points 2 through 5 below, inclusive.

2. The “Annual Report on Electric Power Markets in Nevada” (annual report) shall include a ten-year forecast of load and capacity for southern Nevada and northern Nevada

3. The ten-year forecast of capacity must consider the criteria specified in 7(1)(a).

4. The **o** assessment of the reliability, efficiency, and economy of retail electric service markets shall include an assessment of whether Nevada’s electricity markets are developing into competitive markets. If a potentially competitive service market is not developing into a market with effective competition (as defined by NRS 704.969), the report will include a description of those actions that are necessary to accommodate the development of

competition. Actions may include a recommendation that an investigation be initiated pursuant to NRS 704.979.

5. Based upon the findings presented in the annual report the commission staff shall file a report with the commission which includes a finding that (a) there is no projected inadequacy of resources and/or facilities within the first five years of the forecast, or (b) there is a projected inadequacy of resources and/or facilities within the first five years of the forecast but no commission action is recommended in the current year to mitigate the projected inadequacy, or (c) there is a projected inadequacy of resources and/or facilities within the first five years of the forecast and commission action is recommended to mitigate the projected inadequacy.

6. The commission may hold a public hearing on the contents and recommendations of the report issued on December 31, 2001, and every year thereafter.

Sec. 5. Technical Appendix

1. Staff's annual report must include a technical appendix. The technical appendix must provide:

- a. Citations to sources of information.
- b. A list of assumptions and data used to generate the results.
- c. The final results derived from the models.
- d. Documentation of all models and formulas

2. The technical appendix shall not disclose data or information determined by the commission to be confidential.

Sec. 6. Capacity and Load Forecasts and the Assessment of the Development of Competition

1. Forecasts of capacity and load; contents, methods

Staff will prepare an annual statewide forecast of capacity and aggregate loads for the state of Nevada. The forecast of northern and southern Nevada capacities and loads will project annually ten years forward, starting with the year in which the most recent request for information was submitted. The forecasts of southern and northern Nevada capacities will include forecasts of internal generation capacity (including all verifiable additions and expansions), available external generation capacity (including all verifiable additions and expansions), and system import capabilities. The forecast of southern and northern Nevada loads will assess by operating area whether there is enough capacity to meet the load for each of the ten years included in the forecast.

2. Data requirements

a. The electric distribution utility, alternative sellers licensed by the State of Nevada, transmission owners, and other providers of potentially competitive or noncompetitive services shall provide the information identified in sub-sections 2, 3, and 4 of this section. In addition, Staff may request and obtain other information consistent with NRS 704.988(3) if the information is maintained in the normal course of business by the respondent, subject to the respondent's objection that the information is not available or, because of a lack of advance notice, is not maintained in the format requested. Historical data requested by Staff may be provided by the respondents in the form and format maintained by the respondent in its normal course of business. All information provided to the commission must be based upon substantially accurate data.

b. If the transmission system operator does not make the following information available to the commission, the information will be requested from each transmission owner serving Nevada control areas:

(1) For each generation facility connected to the owner's transmission in southern or northern Nevada: the name, owner(s), and location of the generation facility; a copy of the interconnection agreement filed with the FERC; the maximum operating capacities of each generation unit at the generation facility; and the annual planned maintenance schedule for each unit.

(2) For the transmission systems: the current firm import capability of the systems in northern and southern Nevada and the firm export capability of the systems in northern and southern Nevada, projected changes in the firm import and export capabilities for the ten year duration of the forecast, and all applications for firm transmission service for a period of one year or more. For each projected expansion to the system that will affect the import or export capability of the system, the transmission owner will provide the facility name, location, and design details (including any modifications to the design); the estimated increase to import capacity and the estimated increase to export capacity; and the estimated time for permitting, design and construction, all Utility Environmental Protection Act (UEPA) permitting documents, and the estimated in-service date must be provided.

c. **The provider(s) of last resort and all alternative sellers shall provide *to commission staff* the following non-customer specific, aggregate information:**

(1) The most recent year's energy sales data, energy revenue data, and number of customers data. The Gwh energy sales, the energy revenue

data and the number of customers data must be provided by month, by customer class and by region (southern Nevada or northern Nevada) for the 12 month period ending with December 31st of the most recent full calendar year.

(2) The most recent year's load data disaggregated by hour, type of meter (interval or time-of-use), customer class, and region (southern Nevada or northern Nevada) for the 12 month period ending on the most recent full calendar year.

(3) Gwh sales and number of customers for the ten years prior to the year in which the request for information was issued. Data must be reported by month, by customer class and by region.

(4) Data measuring the effects of demand side management and interruptible energy management programs on monthly peak and off-peak load by customer class for the most recent full calendar year.

(5) Information required for monitoring the development of competition will include: (a) price data, (b) revenue data and (c) number of customers data by month, customer class, and type of potentially competitive electric service for the most recent full calendar year.

Alternative sellers that do not maintain revenue data on sales segregated by potentially competitive service will work with commission staff to develop a reasonable method for allocating revenues among potentially competitive services by customer classes and will use the agreed upon method to calculate revenues for each potentially competitive service by customer class.

Sec. 7. Performance Standards and Reliability Reporting Requirements

1. Engineering design standards

a. To assess power supply design adequacy, the commission shall use the WSCC power supply design criteria (or any equivalent standards and performance criteria of an appropriate regional coordinating council).

b. To assess transmission system reliability the commission shall use the WSCC transmission planning design criteria. (or any equivalent standards and performance criteria of an appropriate regional coordinating council).

c. To assess the adequacy of ancillary services, the commission shall use the WSCC minimum operating reserve criteria (or any equivalent standards and performance criteria of an appropriate regional coordinating council).

2. Reliability reporting requirements

a. The transmission owner(s) will annually provide an estimate of the transmission operator's ability to comply with the power supply design criteria identified in 7(1)(a) for the upcoming four year period for each of the Nevada control areas in which it operates. If the transmission system operator timely provides the information to the commission then the transmission owner need not provide this information.

b. Owner(s) of transmission facility(ies) will annually provide a report summarizing outages for each transmission circuit. The report must include the following for each circuit: a circuit identifier and the number of momentary and sustained outages experienced on the circuit. If the transmission system operator timely provides the information to the commission then the transmission owner need not provide this information.

c. Owner(s) of transmission facility(ies) will provide a summary of operating transfer capability data for the year in which it most recently submitted these data to the WSCC (or another appropriate regional coordinating council) to comply with the reporting requirements of the WSCC (or another appropriate regional coordinating council).

d. The transmission owner(s) shall annually provide a summary of the operating reserve, control performance standard (CPS) and disturbance control standard (DCS) data that the transmission system operator most recently submitted to the WSCC (or another appropriate regional coordinating council). If the transmission system operator timely provides the information to the commission then the transmission owner need not provide this information.

e. For each operating area, the electric distribution utility shall annually provide a distribution reliability performance report that:

(1) Includes: (a) the CAIDI, MAIFI, SAIDI, and SAIFI reliability indices values for the operating area and for each geographic region within the operating area. Indices values with and without major events, scheduled interruptions or interruptions caused by events outside of the distribution system shall be included. The definitions contained in this regulation shall be adopted for calculation of the reliability indices; (b) The reliability indices values prepared for the report shall be compared to the values in the previous four reports; and (c) A detailed explanation of the methodology, equations, basic factors, and assumptions used by the electric distribution utility to calculate the reliability indices;

(2) Identifies the 25 circuits with the worst CAIDI, MAIFI, SAIDI, SAIFI reliability index values; and

(3) Summarizes the power quality problem complaints received by the electric distribution utility. The specific requirements of the summary report will be identified in Staff's request pursuant to section 6(2)(a) of this regulation.

Sec. 8. Adequacy Assessment

1. Assessment of need for additional resources or facilities

Staff shall determine whether or not the level of resource capacity in southern Nevada and northern Nevada complies with reserve-margin standards referred to in 7(1)(a). The data collected pursuant to sections 6 and 7 of this regulation shall be used by Staff to develop a forecast of summer and winter system peak load and capacity, including import capability, for northern Nevada and southern Nevada. These forecasts of energy, capacity and peak load by region will be analyzed using the power-supply-design criteria referenced in section 7(1)a to assess the need for additional resources and facilities.

2. Evaluation of alternatives for meeting identified needs for resources or facilities

If the level of forecasted resource capacity for a control area does not meet the power-supply-design criteria or does not otherwise meet the anticipated energy requirements and if the commission finds that the inadequacy is unlikely to be timely met by competitive forces the commission may (after notice and an opportunity for a public hearing) institute measures to meet the inadequacy. The measures may include:

a. Directing alternative sellers and the provider(s) of last resort to submit short term plans for reducing demand.

b. Contracting with an independent entity to issue requests for proposals. The proposals may offer to meet the identified deficiency through the provision of transmission, generation, or other options.

c. Take other actions to ensure the adequacy of electric power consistent with the provisions of NRS 704.988(2).