

PROPOSED REGULATION OF THE PUBLIC UTILITIES

COMMISSION OF NEVADA

LCB File No. R122-00

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

AUTHORITY: §§1-32, NRS 703.025.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 32, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 32, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 23, inclusive, of this regulation, have the meanings ascribed to them in those sections.*

Sec. 3. *“Alternative seller” has the meaning ascribed to it in NRS 704.967.*

Sec. 4. *“Customer” has the meaning ascribed to it in NRS 704.968.*

Sec. 5. *“Distribution system” means the portion of the system of an electric distribution utility within an operating area that delivers electric energy from the transmission system to a customer and has been classified by the Federal Energy Regulatory Commission as “distribution” in the classification process for transmission and distribution.*

Sec. 6. *“Electric distribution utility” has the meaning ascribed to it in NRS 704.970.*

Sec. 7. *“Entity providing a potentially competitive service or a noncompetitive service” means any entity that provides a potentially competitive service or a noncompetitive service in this state, including, without limitation, an alternative seller licensed by the commission, an*

owner of a transmission system and a provider of a potentially competitive service or a noncompetitive service.

Sec. 8. *“Geographic region” means a subdivision of the service territory of an electric distribution utility in northern or southern Nevada, as identified by the staff in its request for information made pursuant to section 24 of this regulation.*

Sec. 9. *“Interruption” means a loss of electric service to one or more customers.*

Sec. 10. *“Interruptions caused by events outside of the distribution system” means interruptions that result in the loss of service from an electric distribution utility to at least one customer that are caused by events which are outside of the distribution system of the electric distribution utility or which occur on facilities that are not owned by the electric distribution utility.*

Sec. 11. *“Loss of electric service” means the loss of electrical power or a complete loss of voltage to one or more customers or meters. The term does not include any issues related to the quality of power, including, without limitation, sags, swells, impulses or harmonics.*

Sec. 12. *“Major event” means a catastrophic event that:*

- 1. Exceeds the design limits of the electric power system of an electric distribution utility;*
- 2. Causes extensive damage to the electric power system of the electric distribution utility;*
- 3. Results in a simultaneous sustained interruption to more than 10 percent of the customers in the operating area of the electric distribution utility; and*
- 4. Requires more than 24 hours from the beginning of the event for service to be fully restored to the customers.*

Sec. 13. *“Momentary interruption” means a single interruption of electric service with a duration of 5 minutes or less.*

Sec. 14. *“Noncompetitive service” has the meaning ascribed to it in NRS 704.973.*

Sec. 15. *“Operating area” means the northern or southern system of an electric distribution utility operating in this state.*

Sec. 16. *“Operator of a transmission system” means the person or entity responsible for dispatching, monitoring and scheduling access and rights to transmission for a given control area. The term includes a control operator of an electric distribution utility or a regional transmission organization.*

Sec. 17. *“Outage” means the state of a component when the component is not available to perform its intended function because of some event directly associated with the component.*

Sec. 18. *“Potentially competitive service” has the meaning ascribed to it in NRS 704.974.*

Sec. 19. *“Problem relating to the quality of power” means a problem with the provision of power attributed directly to any deviation in voltage, current or frequency that results in a complaint being made by a customer.*

Sec. 20. *“Request for information” means a request for data submitted by the staff in accordance with NRS 704.988, and sections 2 to 32, inclusive, of this regulation to an entity providing a potentially competitive service or a noncompetitive service.*

Sec. 21. *“Scheduled interruption” means an interruption of electric service that results when a component of the distribution system is taken out of service at a specifically selected time.*

Sec. 22. *“Staff” means the regulatory operations staff of the commission.*

Sec. 23. *“Sustained interruption” means an interruption of electric service with a duration of more than 5 minutes.*

Sec. 24. 1. *Not later than October 1 of each year, the staff may request information from each entity providing a potentially competitive service or a noncompetitive service for the purposes of NRS 704.988. The information requested by the staff must include the information specified in sections 27 to 31, inclusive, of this regulation.*

2. The staff may request information in addition to the information described in subsection 1 if the additional information is:

(a) Consistent with subsection 3 of NRS 704.988 and sections 2 to 32, inclusive, of this regulation; and

(b) Maintained in the normal course of business by the entity from whom the information is requested.

3. To request additional information from, or a change in the format of the information to be provided by, an entity providing a potentially competitive service or a noncompetitive service, the staff shall, not later than October 1 of each year, provide notice to the entity that:

(a) Additional information or a change in the format of information will be required for information recorded on and after January 1 of the immediately following year; and

(b) The additional information or the change in the format of the information must be included with or incorporated into any subsequent provision of information requested by the staff pursuant to this section.

4. An entity providing a potentially competitive service or a noncompetitive service may object to a request for information on the basis that the information is not available or, because of a lack of advance notice, the information has not been maintained in the requested format. If the staff requests historical data, the entity to whom the request was made may provide the historical data in the form and format maintained by the entity in its normal

course of business. All information provided to the staff pursuant to a request for information must be based upon substantially accurate data.

5. An objection to the inclusion of any specific item in a request for information, or a request for confidentiality relating to any information so requested, must be filed with the commission not later than 20 calendar days after the date on which the request for information was made pursuant to this section.

6. An entity providing a potentially competitive service or a noncompetitive service shall respond to a request for information submitted by the staff pursuant to this section not later than July 1 of the immediately following year. When possible, an entity providing a potentially competitive service or a noncompetitive service shall submit the information to the staff in the medium and format specified by the staff in its request for information.

7. As used in this section, “substantially accurate data” means data that has been gathered from the best sources of information available as demonstrated by a licensed alternative seller or other provider of potentially competitive and noncompetitive services in this state, including electric distribution utilities. The term includes data whose validity is inherently uncertain if the use of the data does not substantially contribute to the risk of incorrect conclusions.

Sec. 25. 1. Not later than December 31 of each year, the staff shall submit to the commission an annual report on the adequacy, reliability, efficiency and economy of the markets for electric power in this state.

2. The staff shall prepare an executive summary of the annual report for public distribution. The executive summary must be submitted to the commission with the annual report, must include easily interpretable tables, graphs and maps, and must address each

section of the annual report. The executive summary must not include any complex explanations or highly technical language.

3. The annual report submitted to the commission pursuant to this section must be entitled the “Annual Report on Electric Power Markets in Nevada” and include a 10-year forecast of electric capacity for both northern and southern Nevada. The 10-year forecast of electric capacity must be made in consideration of the criteria specified in subsection 1 of section 30 of this regulation.

4. An assessment of the reliability, efficiency and economy of the markets for electric power in this state must include an assessment of whether those markets are developing into competitive markets. If a market for a potentially competitive service is not developing into a market with effective competition, the staff shall include in the annual report a description of the actions that are necessary to accommodate the development of competition in the market, including, without limitation, a recommendation that an investigation be initiated pursuant to NRS 704.979 into the operation of the market. As used in this subsection, “effective competition” has the meaning ascribed to it in NRS 704.969.

5. Based upon the information and findings set forth in the annual report, the staff shall file a separate report with the commission which includes a finding that:

(a) There is no projected inadequacy of resources or facilities, or both, to provide electric service within the first 5 years of the forecast;

(b) There is a projected inadequacy of resources or facilities, or both, to provide electric service within the first 5 years of the 10-year forecast, but no action by the commission is recommended in the current year to mitigate the projected inadequacy; or

(c) There is a projected inadequacy of resources or facilities, or both, to provide electric service, and action by the commission is recommended to mitigate the projected inadequacy.

6. The commission will hold a public hearing on the contents of the annual report and any recommendations made by the staff concerning the report if action by the commission is recommended or such a hearing would otherwise be in the public interest.

Sec. 26. 1. *An annual report submitted by the staff to the commission pursuant to section 25 of this regulation must have a technical appendix that includes:*

(a) Citations to the sources of information contained in the annual report;

(b) A list of assumptions and data used to generate the results indicated in the annual report;

(c) Final results derived from the models used to get the results indicated in the annual report; and

(d) Documentation of all models and formulas used to get the results indicated in the annual report.

2. The staff shall not include or otherwise disclose in a technical appendix any data or other information determined by the commission to be confidential.

Sec. 27. *The staff shall prepare an annual statewide forecast of capacity and aggregate load for northern and southern Nevada that must be included in the annual report submitted to the commission pursuant to section 25 of this regulation. The forecast of capacity and aggregate load must:*

1. Project the annual capacity and aggregate load for the next 10 years, starting with the year for which the most recent request for information was submitted by the staff;

2. Include forecasts of:

- (a) Internal generation capacity, including all verifiable additions and expansions;*
- (b) Available external general capacity, including all verifiable additions and expansions;*

and

- (c) The capabilities of the system to import power; and*

3. Assess, by operating area, whether there is enough capacity to meet the expected load for each of the 10 years to be included in the forecast.

Sec. 28. *If an operator of a transmission system does not make the following information relating to the transmission system available to the commission, the staff shall request the information from the owner of the transmission system:*

1. For each generation facility connected to the transmission system:

- (a) The name and location of the generation facility;*
- (b) The name of the owner of the generation facility;*
- (c) A copy of the interconnection agreement filed with the Federal Energy Regulatory*

Commission;

- (d) The maximum operating capacity of each generation unit at the generation facility;*

and

- (e) The annual schedule for planned maintenance for each unit.*

2. For the transmission system:

(a) The current firm import capability of the systems in northern and southern Nevada and the firm export capabilities of those systems;

(b) Projected changes in the import and export capabilities of the systems for the 10-year duration of the forecast;

(c) A copy of each application for firm transmission service that has a duration of 1 year or more; and

(d) For each projected expansion to the system that will affect the import or export capability of the system:

(1) The name and location of the facility and details for the design of the expansion, including any modifications to the design;

(2) The estimated increase to import capacity and the estimated increase to export capacity;

(3) The estimated time for obtaining the requisite authorization to make the expansion, including, without limitation, requisite permits relating to design, construction and the provisions of the Utility Environmental Protection Act, NRS 704.820 to 704.900, inclusive; and

(4) The estimated date when the expanded system will be put into service.

Sec. 29. 1. *Each entity providing a potentially competitive service or a noncompetitive service shall provide to the staff the following aggregate information that must not be specific to any one customer:*

(a) Data concerning energy sales, energy revenue and number of customers. The data must be provided by month, customer class and geographic region for the most recent 12-month period ending on December 31.

(b) Data concerning load disaggregated by hour, type of meter such as interval or time of use, customer class and geographic region for the most recent 12-month period ending on December 31.

(c) Data concerning energy sales and the number of customers for the 10 years immediately preceding the year for which the request for information was issued. The data must be reported by month, customer class and region.

(d) Data measuring the effects of demand-side management and interruptible energy management programs on monthly peak and off-peak loads, by customer class, for the most recent 12-month period ending on December 31.

(e) To monitor the development of competition, data concerning prices, revenues and number of customers, by month, customer class and type of potentially competitive services, for the most recent 12-month period ending on December 31. An entity providing a potentially competitive service or a noncompetitive service that does not maintain revenue data on sales segregated by potentially competitive service shall work with the staff to develop a reasonable method for allocating revenues among potentially competitive services by customer class and shall use the method agreed upon to calculate revenues for each potentially competitive service by customer class.

2. For the purposes of this section, data concerning energy sales must be expressed in terms of gigawatt hours.

3. As used in this section, "customer class" means a class of customers classified in accordance with NAC 704.926.

Sec. 30. 1. The commission will use:

(a) To assess power supply design adequacy, the criteria for power supply design established by the Western Systems Coordinating Council, or the equivalent standards and performance criteria of any other appropriate regional coordinating council.

(b) To assess the reliability of a transmission system, the criteria for transmission planning design established by the Western Systems Coordinating Council, or the equivalent standards and performance criteria of any other appropriate regional coordinating council.

(c) To assess the adequacy of ancillary services, the criteria for minimum operating reserves established by the Western Systems Coordinating Council, or the equivalent standards and performance criteria of any other appropriate regional coordinating council.

2. Except as otherwise provided in this subsection, an owner of a transmission system shall annually provide to the commission an estimate of the ability of the operator of the transmission system to comply with the criteria for power supply design used by the commission pursuant to paragraph (a) of subsection 1 for the upcoming 4 years for each control area in which the owner of the transmission system operates. If the operator of the transmission system provides this information to the commission in a timely manner, the owner of the transmission system need not provide this information.

3. Except as otherwise provided in this subsection, an owner of a transmission system shall annually provide to the commission a report that summarizes the outages for each transmission circuit. The report must include for each circuit a circuit identifier and the number of momentary outages and sustained outages experienced on the circuit. If the operator of the transmission system provides this information to the commission in a timely manner, the owner of the transmission system need not provide this information.

4. An owner of a transmission system shall provide to the commission a summary of operating transfer capability data for the year for which it most recently submitted this data to the Western Systems Coordinating Council or other appropriate regional coordinating council

to comply with the reporting requirements of the Western Systems Coordinating Council or other appropriate regional coordinating council.

5. As used in this section:

(a) “Momentary outage” means an outage with a duration of 5 minutes or less.

(b) “Sustained outage” means an outage with a duration of more than 5 minutes.

Sec. 31. 1. Except as otherwise provided in this subsection, an owner of a transmission system shall annually provide to the commission a summary of data relating to its operating reserve, control performance standard and disturbance control standard that the operator most recently submitted to the Western Systems Coordinating Council or other appropriate regional coordinating council. If the operator of the transmission system provides this information to the commission in a timely manner, the owner of the transmission system need not provide the information.

2. For each operating area, an electric distribution utility shall annually provide a performance report on distribution reliability. Such a report must:

(a) Include the following information:

(1) The values of the reliability indexes for CAIDI, MAIFI, SAIDI and SAIFI for the operating area and for each geographic region within the operating area and the values of indexes with and without major events, scheduled interruptions or interruptions caused by events outside of the distribution system.

(2) Except as otherwise provided in this subparagraph, a comparison of the values of the reliability indexes to the similar values in the previous four reports. An electric distribution utility does not need to provide a comparison pursuant to this subparagraph until it has filed at least four reports with the commission.

(3) A detailed explanation of the methodology, equations, basic factors and assumptions used by the electric distribution utility to calculate the reliability indexes.

(b) Identify the 25 circuits that have the worst values of the reliability indexes for CAIDI, MAIFI, SAIDI and SAIFI.

(c) Summarize the complaints received by the electric distribution utility concerning problems relating to the quality of power provided by the electric distribution utility.

3. As used in this section:

(a) “CAIDI” means the number of customer interruption durations divided by the total number of customer interruptions.

(b) “MAIFI” means the total number of momentary interruptions to customers divided by the total number of customers served.

(c) “SAIDI” means the sum of the durations of interruptions of electric service to customers divided by the total number of customers served.

(d) “SAIFI” means the total number of interruptions of electric service to customers divided by the total number of customers served.

Sec. 32. 1. *The staff shall determine whether the level of resource capacity in both northern and southern Nevada is in compliance with the standards relating to reserve margins referred to in section 30 of this regulation. The staff shall use data collected pursuant to sections 27 to 31, inclusive, of this regulation to develop a forecast of peak load and capacity, including import capability, for both summer and winter for each region. The commission will analyze such a forecast using the criteria referred to in section 30 of this regulation relating to power supply design to assess the need for additional resources.*

2. If the level of forecasted resource capacity for a control area does not meet the criteria for power supply design 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. Such measures may include, without limitation:

(a) Directing alternative sellers and providers of last resort to submit to short-term plans for reducing demand.

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

(c) Any other action consistent with subsection 2 of NRS 704.988 to ensure the adequacy of electric power in this state.