

LCB File No. R021-06

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Rulemaking regarding resource plan filing requirements)
pertaining to the reservation of long-term firm import) Docket No. 06-01026
capacity for native load customers.)
_____)

NOTICE OF INTENT TO AMEND/ADOPT/REPEAL REGULATION
NOTICE OF WORKSHOP
AND
NOTICE OF HEARING

The following information is provided pursuant to the requirements of NRS 233B.0603:
On February 1, 2006, the Public Utilities Commission of Nevada (“Commission”) voted to open a rulemaking regarding resource plan filing requirements pertaining to the reservation of long-term firm import capacity for native load customers.. The Commission has designated this matter as Docket No. 06-01026.

The proposed regulation potentially affects all Nevada electrical customers. The methodology used by Staff to measure the adverse or beneficial economic effects on small business and the public is a simplified Delphi method. Experts review the text of the proposed regulation and determine the likely impact of the regulation on small businesses and the public. These experts share their responses with each other and form a consensus view.

Concerning short-term adverse and beneficial impacts on the public generally, Staff believes that there are few or no short-term impacts, as any additional costs or benefits would take up to two years to flow into utility rates.

Concerning long-term adverse and beneficial impacts on the public generally, Staff notes that customers pay the prudently-incurred costs of utility operations. Lower costs, therefore, benefit

customers. The participants generally agree that the utilities' costs would increase slightly from performing the analysis outline in the proposed regulations. However, the consensus is that by following the requirements in the proposed regulation, a utility increases the likelihood of obtaining Commission approval and being able to reserve transmission capacity for future load growth. Success in this area should minimize the need for a utility to construct new transmission projects for native load, minimize the potential problem of over-planning and over-constructing transmission facilities, and allow for a more efficient use of the transmission system. The participants believe the benefits associated with a reservation of transmission capacity for future native load growth outweighs any small additional costs associated with a utility complying with the proposed regulation.

Concerning the short-term adverse and beneficial impacts on small businesses, Staff generally agrees that there would be few or no short-term effects, as any costs or benefits could take up to two years to flow into utility rates.

Concerning long-term adverse and beneficial impacts on small businesses, Staff believes that there may be a small increase in the cost to serve that consumers, including small businesses, must eventually bear.

It is also important to note that most small businesses in the state of Nevada are served by either Sierra Pacific Power Company or Nevada Power Company. Most small businesses are not allowed to purchase energy or capacity from other electric resource providers under the provisions of Chapter NRS 704B, given that most small business do not have electric loads of 1 MW or greater. Thus the benefits a utility gains from being able to reserve transmission capacity for native load would flow directly to customers, which includes most small businesses.

The proposed regulations entail no additional taxes, payroll costs, record keeping, or processing time for the customer. Thus, Staff concludes that there would be no additional administrative costs imposed on small businesses. There also would be no impediments restricting the formation, operation or expansion of a small business.

The regulation does not overlap or duplicate federal, state, or local government regulations. The regulation does not establish any new fee or increase an existing fee.

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada (“Commission”) will hold a WORKSHOP on **Thursday, May 4, 2006, at 10:00 a.m.**, at the offices of the Commission, Hearing Room A, 1150 E. William Street, Carson City, Nevada 89701 and via video conference to Hearing Room A, 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109, at which time interested persons may appear and be heard. The purpose of this workshop is to receive comments from all interested persons regarding the attached proposed revision to the Nevada Administrative Code regarding resource plan filing requirements pertaining to the reservation of long-term firm import capacity for native load customers.

NOTICE IS ALSO HEREBY GIVEN that the Commission will also hold a HEARING on **Thursday, May 4, 2006, at 10:30 a.m.**, at the offices of the Commission, Hearing Room A, 1150 E. William Street, Carson City, Nevada 89701 and via videoconference to Hearing Room A, 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109, at which time interested persons may appear and be heard. The hearing may continue from day to day as necessary. The Commission may hear comments from interested persons regarding the proposed regulation. The Commission may also consider other issues related to the provisions of Chapter 233B, 703 and 704 of the Nevada Revised Statutes (“NRS”) and the NAC, as well as make decisions on procedural issues raised at the hearing. The Commission may also take any such other actions as it deems appropriate under the circumstances.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public workshop or hearing or 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.

A copy of this notice and the proposed regulation are 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 proposed regulation are 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.

Upon adopting any regulation, the agency, 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 reason 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.

LCB File No. R021-06

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

PUC Docket No. 06-01026

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

AUTHORITY: NRS 703.025 and 704.210.

Section 1. NAC 704.9385 is hereby amended to read as follows:

NAC 704.9385 Supply plan: Contents; tables; transmission plan; *request for a reservation of transmission capacity for future native load customer growth*; information regarding purchase of power; maps. (NRS 703.025, 704.210, 704.741)

1. The supply plan of the utility must develop and document the origins of:
 - (a) The assumptions, data and projections used by the utility to calculate the costs and benefits of its options.
 - (b) The assessment of current and anticipated electric market conditions by the utility for the region in which the utility operates.
 - (c) The basic economic and financial limitations of the utility.
 - (d) The assumptions used by the utility for developing the environmental costs and the net economic benefits to the State from each of the options of the utility for future supply.
 - (e) The criteria used by the utility for determining the reserve margin.
 - (f) The assumptions used by the utility for renewable resources.
 - (g) The assumptions used by the utility for independent power producers.
 - (h) The assumptions used by the utility for the reduction in demand and energy requirements associated with customers exiting service from the utility and customers utilizing distributed generation resources.
2. Regarding generation, a utility's supply plan must contain a table of all its existing and planned facilities for electric generation that it expects to be operating in each of the 20 years covered by its forecast. Each of the following items of information must be set forth in the table if applicable to a listed facility:
 - (a) The planned or actual commercial operation date of the facility;
 - (b) The date of the planned retirement of the facility, including the criteria used to select that date;
 - (c) The type of facility;
 - (d) The rated generating capacity and net expected generating capacity of the facility;
 - (e) The fuel used;
 - (f) The capacity of the facility for storing fuel; and
 - (g) The designation of the capacity type of the facility, such as base load, intermediate or peaking.

3. The supply plan of a utility must include a transmission plan for the 20 years covered by the forecast in the supply plan. The transmission plan must include, without limitation:

(a) A summary of the capabilities of the transmission system, including import, export and the rating of significant transmission paths within the system of the utility, and of the existing and planned transmission system of the utility for each year in the period covered by the resource plan.

(b) A description of the transmission projects the utility is considering for expanding or upgrading the capabilities of its transmission system, the anticipated timing of those projects and the impact of the projects on the transmission capabilities of the existing and planned transmission system of the utility.

(c) Identification of the transmission capacity required to serve bundled retail transmission customers, unbundled retail transmission customers and those wholesale transmission customers for whom the utility has an obligation to provide transmission services, for annual and peaking periods throughout the period covered by the resource plan.

(d) Identification of all existing and proposed transmission service agreements, and their expiration dates, with transmission customers for transmission service on the transmission system of the utility and the impact of these agreements on available capacity for bundled retail transmission customers on the proposed or existing transmission facilities.

(e) A table identifying all the transmission capacity that the utility has secured for its bundled retail transmission customers on both its transmission system and the transmission systems of other entities.

(f) A description of the participation of the utility in regional planning organizations and an explanation of the role of those organizations in the transmission planning process of the utility.

(g) A summary of the impacts of relevant orders of the Federal Energy Regulatory Commission issued since the utility filed its last resource plan.

(h) A demonstration that the utility has attempted to reduce the impact of line losses upon its future resource requirements.

4. A utility requesting commission approval for a reservation of import capacity to serve future native load growth shall provide the analysis supporting its request in accordance with the following guidelines:

a) The analysis should cover a 10 year or other reasonable planning period.

b) The load forecast, supply plan, DSM plan and financial assumptions used in the analysis should be consistent with the utility's proposed resource plan or amendment or consistent with the utility's latest Commission approved resource plan or amendment;

c) The quantity of import capacity that is needed for native load, when it is needed and why it is needed should be stated for each year in the selected planning period;

d) The need for import capacity by native load customers should be based on reliability, financial, environmental and other factors including, but not limited to, the following factors:

i. Where could conventional and renewable generation be located in the planning period and what import capacity requirements might be associated with such plant(s);

ii. What capacity reservations are required for reliability purposes (i.e., capacity benefit margin);

- iii. *Are there financial limitations which may affect the Utilities' ability to construct required generation and transmission;*
 - iv. *How will the utility's import capacity reservation affect its ability to meet its Renewable Energy Portfolio Standard and NRS 704B obligations;*
 - v. *Are there environmental or economic factors affecting the location of potential new generation facilities;*
 - vi. *What are the lead times for developing generation and transmission facilities; and*
 - vii. *Any other pertinent factors not listed.*
- e) *The utility shall provide sensitivity analysis that demonstrates how import capacity requirements can change over the planning period chosen due to such factors, listed in i through vii, above.*
- f) *The utility shall also identify a list of factors that can affect the level of import capacity that is required by native load customers. Factors considered should include but not be limited to:*
- i. *Potential generation additions;*
 - ii. *Load forecast changes;*
 - iii. *Environmental requirements;*
 - iv. *Regulatory changes;*
 - v. *Potential generation retirements; and*
 - vi. *Non-native load transmission requirements.*
- g) *A utility shall include the list of the assumptions used in its analysis that underlie the import reservation request for the chosen planning period , a summary of the transmission studies, the financial analysis and the environmental analysis which supports its findings, and any other information that supports its analysis.*

~~[4.]~~ 5. Regarding the purchase of power, the supply plan must contain a list showing:

(a) All sources from which the utility has contracted to buy, or has plans or potential opportunities to buy, electric power during the 20 years covered by the supply plan; and

(b) The amount of electric power that the utility has contracted to buy, or has plans or potential opportunities to buy, from each source and the years for which delivery of the electric power is contracted or planned.

5. The utility shall include in its supply plan a map or maps that identify the location of each existing or planned generation or transmission facility, renewable energy system and independent power producer that are projected to be relied upon during the period covered by the action plan.