SENATE BILL NO. 146–SENATOR SPEARMAN

PREFILED FEBRUARY 13, 2017

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Requires certain electric utilities to file a distributed resources plan with the Public Utilities Commission of Nevada. (BDR 58-15)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
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 energy; requiring certain electric utilities in this State to file with the Public Utilities Commission of Nevada a distributed resources plan; prescribing the minimum requirements of such a plan; increasing the period by which the Commission must issue an order accepting or modifying certain portions of a plan to increase the supply of electricity or reduce demand submitted by an electric utility; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires an electric utility with an annual operating revenue of $2,500,000 or more in this State to submit to the Public Utilities Commission of Nevada a plan to increase its supply of electricity or decrease the demands made on its system by its customers. (NRS 704.741) **Sections 1 and 3** of this bill require such an electric utility to submit to the Commission, on or before July 1, 2018, a distributed resources plan as part of the plan to increase its supply or decrease the demands on its system. A distributed resources plan must: (1) evaluate locational benefits and costs of distributed resources; (2) propose or identify standard tariffs, contracts or other mechanisms for the deployment of cost-effective distributed resources; (3) propose cost-effective methods of effectively coordinating existing programs approved by the Commission; (4) identify additional spending necessary to integrate cost-effective distributed resources into distribution planning; and (5) identify barriers to the deployment of distributed resources.

Existing law requires the Commission to convene a public hearing on the adequacy of a plan to increase supply or reduce demand and to issue an order accepting the plan or specifying any portions of the plan it deems to be inadequate. (NRS 704.746, 704.751) **Section 2** of this bill authorizes the Commission to accept a distributed resources plan that complies with the provisions of **section 1** after

such a hearing. **Section 2** also increases from 180 days to 210 days the period by which the Commission must issue an order approving or modifying any portion of a plan to increase supply or reduce demand that does not relate to the energy supply plan of the utility.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 704.741 is hereby amended to read as follows:

704.741 1. A utility which supplies electricity in this State shall, on or before July 1 of every third year, in the manner specified by the Commission, submit a plan to increase its supply of electricity or decrease the demands made on its system by its customers to the Commission.

2. The Commission shall, by regulation:

(a) Prescribe the contents of such a plan, including, but not limited to, the methods or formulas which are used by the utility to:

(1) Forecast the future demands; and

(2) Determine the best combination of sources of supply to meet the demands or the best method to reduce them; and

(b) Designate renewable energy zones and revise the designated renewable energy zones as the Commission deems necessary.

3. The Commission shall require the utility to include in its plan:

(a) An energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel and which includes, without limitation, the use of new solar thermal energy sources.

(b) A comparison of a diverse set of scenarios of the best combination of sources of supply to meet the demands or the best methods to reduce the demands, which must include at least one scenario of low carbon intensity that includes the deployment of distributed generation.

(c) An analysis of the effects of the requirements of NRS 704.766 to 704.775, inclusive, on the reliability of the distribution system of the utility and the costs to the utility to provide electric service to all customers. The analysis must include an evaluation of the costs and benefits of addressing issues of reliability through investment in the distribution system.

(d) A list of the utility's assets described in NRS 704.7338.

(e) A surplus asset retirement plan as required by NRS 704.734.

4. The Commission shall require the utility to include in its plan a plan for construction or expansion of transmission facilities to serve renewable energy zones and to facilitate the utility in meeting the portfolio standard established by NRS 704.7821.

5. ***The Commission shall require the utility to include in its plan a distributed resources plan. The distributed resources plan must:***

(a) Evaluate the locational benefits and costs of distributed resources. This evaluation must be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits and any other savings the distributed resources provide to the electricity grid for this State or costs to customers of the electric utility.

(b) Propose or identify standard tariffs, contracts or other mechanisms for the deployment of cost-effective distributed resources that satisfy the objectives for distribution planning.

(c) Propose cost-effective methods of effectively coordinating existing programs approved by the Commission, incentives and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.

(d) Identify any additional spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding a net benefit to the customers of the electric utility.

(e) Identify barriers to the deployment of distributed resources, including, without limitation, safety standards related to technology or operation of the distribution system in a manner that ensures reliable service.

6. As used in this section:

(a) "Carbon intensity" means the amount of carbon by weight emitted per unit of energy consumed.

(b) ***"Distributed generation system" has the meaning ascribed to it in NRS 701.380.***

(c) "Distributed resources" means distributed generation systems, energy efficiency, energy storage, electric vehicles and demand-response technologies.

(d) "Renewable energy zones" means specific geographic zones where renewable energy resources are sufficient to develop generation capacity and where transmission constrains the delivery of electricity from those resources to customers.

Sec. 2. NRS 704.751 is hereby amended to read as follows:

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

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

(b) Within ~~[~~180~~]~~ ***210*** days for all portions of the plan not described in paragraph (a).

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

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

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

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

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

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

4. The Commission may accept ~~[~~a~~]~~ ***:***

(a) A transmission plan submitted pursuant to subsection 4 of NRS 704.741 for a renewable energy zone if the Commission determines that the construction or expansion of transmission facilities would facilitate the utility meeting the portfolio standard, as defined in NRS 704.7805.

(b) A distributed resources plan submitted pursuant to subsection 5 of NRS 704.741 if the Commission determines that the plan includes each element required by that subsection.

5. The Commission shall adopt regulations establishing the criteria for determining the adequacy of a transmission plan submitted pursuant to subsection 4 of NRS 704.741.

6. Any order issued by the Commission accepting or modifying an element of an emissions reduction and capacity replacement plan must include provisions authorizing the electric utility to construct or acquire and own electric generating plants necessary to meet the capacity amounts approved in, and carry out the provisions of, the

plan. As used in this subsection, "capacity" means an amount of firm electric generating capacity used by the electric utility for the purpose of preparing a plan filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive.

Sec. 3. Any public utility required to file a plan pursuant to NRS 704.741 that would not otherwise be required to file a new plan before July 1, 2018, shall submit an amendment to its existing plan by July 1, 2018, that complies with the provisions relating to a distributed resources plan in NRS 704.741, as amended by section 1 of this act.

Sec. 4. This act becomes effective on July 1, 2017.

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