

LCB File No. R173-09

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

Docket No. 09-07013

November 5, 2009

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

AUTHORITY: SB 165

A REGULATION relating to relating to energy; requiring certain utilities that supply electricity in this State to include in the resource plan of the utility certain provisions relating to demands made on its system by its customers; and providing other matters properly relating thereto

Section 1. NAC 704.9355 is hereby amended as follows:

NAC 704.9355 Analyses of options for supply.

1. A utility shall develop a *diverse* set of analyses of its options for supply to be considered for meeting the expected future demand on its system. These analyses must include an examination of the environmental impact of each option, taking into account the best available technologies and the environmental benefit of renewable resources. The options to be analyzed must include:

(a) Construction of new generation facilities or upgrades to existing generation facilities, including retrofitting existing facilities with more efficient systems or converting to other fuels;

(b) Construction of new transmission facilities or upgrades to existing transmission facilities;

(c) Purchase of long-term transmission rights on transmission facilities owned by other persons;

(d) Improvements in the efficiency of operations and scheduling, including, without limitation, improvements that are attributable to the proposed implementation of new digital and computer information system technologies; and

(e) Transactions with other utilities, independent producers and utility customers for:

(1) Pooling of power;

(2) Purchases of power; or

(3) Exchanges of power.

(f) At least one option of low carbon intensity.

2. As used in this section, “environmental benefit of renewable resources” means the present worth over a 20-year period of the benefits associated with the generation and maintenance of renewable resources for supply of capacity or energy, or supply of both capacity and energy, that results in a reduction of harm to the environment.

3. As used in this section, “carbon intensity” has the meaning ascribed to it in NRS 704.741(4).

Section 2. NAC 704.937 is hereby amended as follows:

NAC 704.937 List of options for supply of capacity and electric energy; criteria for selection of options; comparison of and requirements for alternative plans; identification of preferred plan.

1. A utility's supply plan must contain a list of options for the supply of capacity and electric energy that includes a description of all existing and planned facilities for generation and transmission, existing and planned power purchases, and other resources available as options to the utility for the future supply of electric energy. The description must include the expected capacity of the facilities and resources for each year of the supply plan.

2. A utility shall identify the criteria it has used for the selection of its options for meeting the expected future demands for electric energy and shall explain how any conflicts among criteria are resolved.

3. In comparing alternative plans containing different resource options, the utility shall calculate the present worth of future requirements for revenue for each alternative plan for the supply of power. *The present worth of future requirements of revenue must include a reasonable range of costs associated with emissions of carbon. In addition, the calculation must include a reasonable estimate of costs associated with other emissions, which, by law or regulation, are internalized in the resource planning period as private costs to the utility.* A comparison of the present worth of future requirements for revenue for each alternative plan must be presented in the resource plan.

4. The utility shall calculate the present worth of societal costs for each alternative plan for the supply of power. The present worth of societal costs of a particular alternative plan must be determined by adding the environmental costs, *which are not internalized as private costs to the utility in subsection (3)*, to the present worth of future requirements for revenue.

5. The utility shall consider for each alternative plan the mitigation of risk by means of:

- (a) Flexibility;
- (b) Diversity;
- (c) Reduced size of commitments;
- (d) Choice of projects that can be completed in short periods;
- (e) Displacement of fuel;
- (f) Reliability;
- (g) Selection of fuel and energy supply portfolios; and
- (h) Financial instruments or electricity products.

6. The alternative plans of the utility must:

- (a) Provide adequate reliability;
- (b) Be within regulatory and financial constraints;
- (c) Meet the portfolio standard; and
- (d) Meet the requirements for environmental protection.

7. The utility shall identify its preferred plan and fully justify its choice by setting forth the criteria that influenced the utility's choice.