

## PROPOSED AMENDMENT TO SB 252

### 1. Section 6 – RPS goals back to existing law of 25% by 2025

SB252 increased the Renewable Portfolio Standard to a 35% by 2025.

The amendment sets the RPS back to the existing law at 25% by 2025.

### 2. Section 6 - Contracts for Net Energy Only

SB 252 adds the requirement that if a provider contracts for RE with another party, the “contract must only be for the net energy that is delivered to the provider.” (At NRS 704.7821(2)(b)(2) as amended.) This would eliminate “PEC only” contracts with NV Energy, which is a much broader issue than the “station use credits” issue.

The amendment eliminates the language, and addresses the “station use credits” issue in Section 8 by amending the “Calculation of Portfolio Energy Credits” provisions of NRS 704.78215.

### 3. Sections 7 - 2.4 Multiplier for Provider of New Electric Resources

SB 252 adds new language to NRS 704.78213 to allow providers of new electric resources to take advantage of the 2.4 multiplier if an eligible customer or the provider of new electric resources installs a solar energy system on the premises of a retail customer, and at least 50% of the annual energy is utilized by the retail customer on the premises. (Note that unlike the 2.4 multiplier in NRS 704.7822, this one is not limited to solar PV systems, but would apply to other solar energy systems as well.)

The amendment removes this extension of the potential application of the 2.4 multiplier, consistent with the Section 9 amendment to NRS 704.7822, which removes the 2.4 multiplier for all solar PV placed into operation after July 1, 2014. (Note that the original Section 9 language appears to be in conflict with the original Section 7 language.)

### 4. Section 8 – Station Use Credits

The amendment limits station use prospectively by amending NRS 704.78215 to provide that, for energy systems placed into operation after January 1, 2015, the calculation of kWh generated or acquired shall be net of any kWh used by the energy system for its basic operations that reduce the amount of renewable energy delivered to the grid.

### 5. Section 2 – PV Multiplier

SB 252 removed the PV Multiplier for solar net-metered customers starting July 1, 2013. This would negate existing projects already in the planning process and potentially financed based on the multiplier.

The amendment pushes the date back one year to July 1, 2014 to allow for planned projects to continue their current path of development.

**6. Section 11 - 25% Limitation on Carry-Forward Credits**

The amendment RPS assumes no change to the carry-forward provisions of NRS 704.7828, but instead uses elimination of energy efficiency to use up existing surplus credits over the next 2-3 years. If you immediately limit the carry-forward, you create a “Net Short” position in 2014, creating the need for renewable energy that could only be met on that time frame by short-term purchases, which are of no value in developing renewable resources. Additionally, the existing surplus credits do have value to the ratepayers as a means to meet the RPS in the next couple of years without raising rates.

The amendment delays implementation of a limitation on carry-forward surplus credits until calendar year 2016, and also proposes a limitation equal to 25% of the provider’s RPS for the following year, rather than 10% of any excess credits.

EXPLANATION – Matter in red bolded is new to existing proposed legislation; matter blue bolded is original bill additions to statute, matter and matter ~~[omitted material]~~ is material to be omitted from existing statute.

**Amendment to SB 252**

**Section 1.** NRS 701B.290 is hereby amended to read as follows:

701B.290 1. After a participant installs a solar energy system included in the Solar Program, the Commission shall issue portfolio energy credits for use within the system of portfolio energy credits adopted by the Commission pursuant to NRS 704.7821 and 704.78213.

2. The Commission shall designate the portfolio energy credits issued pursuant to this section as portfolio energy credits generated [;] **or** acquired ~~[or saved]~~ from solar renewable energy systems for the purposes of the portfolio standard.

3. All portfolio energy credits issued for a solar energy system installed pursuant to the Solar Program must be assigned to and become the property of the utility administering the Program.

**Sec. 2.** NRS 704.7801 is hereby amended to read as follows:

704.7821 As used in NRS 704.7801 to 704.7828, inclusive, unless the context otherwise requires, the words and terms defined in NRS ~~[784.7802]~~ **704.7803** to 704.7819, inclusive, have the meanings ascribed to them in those sections.

**Sec. 3** NRS 704.7803 is hereby amended to read as follows:

704.7803 “Portfolio energy credit” means any credit which a provider has earned from a portfolio energy system ~~[or efficiency measure]~~ and which the provider is entitled to use to comply with its portfolio standard, as determined by the Commission.

**Sec. 4** NRS 704.7804 is hereby amended to read as follows:

704.7804 “Portfolio energy system” ~~[or efficiency measure”]~~ means [;:

- ~~1. Any] a~~ renewable energy system [;or
- ~~2. Any energy efficiency measure.]:~~

*(a) Placed into operation before July 1, 1997, if a provider of electric service used electricity generated or acquired from a renewable energy system to satisfy its portfolio standard before July 1, 2009; or*

*(b) Placed into operation on or after July 1, 1997.*

**2. Any energy efficiency measure:**

**Sec. 5** NRS 704.7805 is hereby amended to read as follows:

704.7805 “Portfolio standard” means the amount of electricity that a provider must generate [;] *or* acquire [~~or save~~] from portfolio energy systems, [~~or efficiency measures,~~] as established by the Commission pursuant to NRS 704.7821 and 704.78213.

**Sec. 6** NRS 704.7821 is hereby amended to read as follows:

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard. The portfolio standard must require each provider to generate [;] *or* acquire [~~or save~~] electricity from portfolio energy systems [~~or efficiency measures~~] in an amount that is:

(a) For calendar years 2005 and 2006, not less than 6 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(b) For calendar years 2007 and 2008, not less than 9 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(c) For calendar years 2009 and 2010, not less than 12 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(d) For calendar years 2011 and 2012, not less than 15 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

**(e) For calendar years 2013, not less than 18 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.**

~~(e) For calendar [years] year 2013, [and 2014,] not less than 18 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

**(f) For calendar years 2014 and 2019, inclusive, not less than 20 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.**

~~(f) For calendar [year] years 2014 and 2015, not less than [21] 20 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

**(g) For calendar years 2020 through 2024, inclusive, not less than 22 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.**

~~(g) For calendar years [2015] [through 2019, inclusive,] [and 2016] 2016 through 2019, inclusive, not less than [20] [24] 21 percent of the total amount of~~

~~electricity sold by the provider to its retail customers in this State during that calendar year.~~

**(h) For calendar year 2025 and for each calendar year thereafter, not less than 25 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.**

~~— ~~[(g)]~~ ~~(h)~~ For calendar years [2020 and 2024, inclusive,] ~~[2017 and 2018]~~ ~~2020 through 2024, inclusive,~~ not less than [22] ~~[26]~~ ~~23~~ percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

~~— [(h)] ~~(i)~~ For calendar years 2019 and 2020, not less than 30 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

~~— (j) For calendar years 2021 through 2024, inclusive, not less than 32 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

~~— ~~[(k)]~~ ~~(i)~~ For calendar year 2025 and each calendar year thereafter, not less than [25] ~~[35]~~ ~~25~~ percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.~~

2. In addition to the requirements set forth in subsection 1, the portfolio standard for each provider must require that:

(a) Of the total amount of electricity that the provider is required to generate [5] **or** acquire [~~or save~~] from portfolio energy systems [~~or efficiency measures~~] during each calendar year, not less than:

(1) For calendar years 2009 through 2015, inclusive, 5 percent of that amount must be generated or acquired from **portfolio energy systems which are** solar renewable energy systems.

(2) For calendar year 2016 and for each calendar year thereafter, 6 percent of that amount must be generated or acquired from **portfolio energy systems which are** solar renewable energy systems.

~~(e)~~ If the provider acquires [~~or saves~~] electricity from a portfolio energy system [~~or efficiency measure~~] pursuant to a renewable energy contract [~~or energy efficiency contract~~] with another party:

(1) The term of the contract must be not less than 10 years, unless the other party agrees to a contract with a shorter term; [~~and~~] **and**

~~(2) The contract must be for the net amount of energy that is delivered to the provider; and~~

**(2)** The terms and conditions of the contract must be just and reasonable, as determined by the Commission. If the provider is a utility provider and the Commission approves the terms and conditions of the contract between the utility provider and the other party, the contract and its terms and conditions shall be deemed to be a prudent investment and the utility provider may recover all just and reasonable costs associated with the contract.

3. If, for the benefit of one or more retail customers in this State, the provider has paid for or directly reimbursed, in whole or in part, the costs of the acquisition or installation of a solar energy system which qualifies as a ~~[renewable]~~ **portfolio** energy system and which reduces the consumption of electricity, the total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider generated or acquired from a ~~[renewable]~~ **portfolio** energy system for the purposes of complying with its portfolio standard.

4. The Commission shall adopt regulations that establish a system of portfolio energy credits that may be used by a provider to comply with its portfolio standard.

5. Except as otherwise provided in subsection 6, each provider shall comply with its portfolio standard during each calendar year.

6. If, for any calendar year, a provider is unable to comply with its portfolio standard through the generation of electricity from its own ~~[renewable]~~ **portfolio** energy systems or, if applicable, through the use of portfolio energy credits, the provider shall take actions to acquire ~~[or save]~~ electricity pursuant to one or more renewable energy ~~[contracts or energy efficiency]~~ contracts. If the Commission determines that, for a calendar year, there is not or will not be a sufficient supply of electricity ~~[or a sufficient amount of energy savings]~~ made available to the provider pursuant to renewable energy contracts ~~[and energy efficiency contracts]~~ with just and reasonable terms and conditions, the Commission shall exempt the provider, for that calendar year, from the remaining requirements of its portfolio standard or from any appropriate portion thereof, as determined by the Commission

7. The Commission shall adopt regulations that establish:

(a) Standards for the determination of just and reasonable terms and conditions for the renewable energy contracts ~~[and energy efficiency contracts]~~ that a provider must enter into to comply with its portfolio standard.

(b) Methods to classify the financial impact of each long-term renewable energy contract ~~[and energy efficiency contract]~~ as an additional imputed debt of a utility provider. The regulations must allow the utility provider to propose an amount to be added to the cost of the contract, at the time the contract is approved by the Commission, equal to a compensating component in the capital structure of the utility provider. In evaluating any proposal made by the utility provider pursuant to this paragraph, the Commission shall consider the effect that the proposal will have on the rates paid by the retail customers of the utility provider [-] *and on the economy and the environment of the State.*

8. Except as otherwise provided in NRS 704.78213, the provisions of this section do not apply to a provider of new electric resources as defined in NRS 704B.130.

9. As used in this section:

(a) ~~["Energy efficiency contract" means a contract to attain energy savings from one or more energy efficiency measures owned, operated or controlled by other parties.~~

~~(b)~~ "Renewable energy contract" means a contract to acquire electricity from one or more ~~[renewable]~~ **portfolio** energy systems owned, operated or controlled by other parties.

~~(c)~~ **(b)** "Terms and conditions" include, without limitation, the price that a provider must pay to acquire electricity pursuant to a renewable energy ~~[contract or to attain energy savings pursuant to an energy efficiency]~~ contract.

**Sec. 7.** NRS 704.78213 is hereby amended to read as follows:

NRS 704.78213 is hereby amended to read as follows:

704.78213 1. If the Commission issues an order approving an application that is filed pursuant to NRS 704B310 or a request that is filed pursuant to NRS 704B.325 regarding a provider of new electric resources and an eligible customer, the Commission must establish in the order a portfolio standard applicable to the electricity sold by the provider of new electric resources to the eligible customer in accordance with the order. The portfolio standard must require the provider of new electric resources to generate [;] **or** acquire [~~or save~~] electricity from portfolio energy systems [~~or efficiency measures~~] in the amounts described in the portfolio standard set forth in NRS 704.7821 which is effective on the date on which the order approving the application or request is approved.

2. [~~Of the total amount of electricity that a provider of new electric resources is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures.~~

~~3.]~~ If, for the benefit of one or more eligible customers, the eligible customer or a provider of new electric resources has paid for or directly reimbursed, in whole or in part, the costs of the acquisition or installation of a solar energy system which qualifies as a [renewable] **portfolio** energy system and which reduces the consumption of electricity, [;the] ~~the~~

*[(a) The total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider of new electric resources generated or acquired from a [renewable] portfolio energy system for the purposes of complying with its portfolio standard.]*

~~4.] ; and~~

~~*(b) For the purpose of complying with its portfolio standard, the new provider of electric service shall be deemed to have generated or acquired 2.4 kilowatt-hours of electricity from the solar energy system for each 1.0 kilowatt-hour of actual electricity generated or acquired if:*~~

~~*(1) The system is installed on the premises of a retail customer; and*~~

~~*(2) On an annual basis, at least 50 percent of the electricity generated by the system is utilized by the retail customer on that premises.*~~

3. As used in this section:

(a) “Eligible customer” has the meaning ascribed to it in NRS 704B.080.

(b) “Provider of new electric resources” has the meaning ascribed to it in NRS 704B.130.

**Sec. 8.** NRS 704.78215 is hereby amended to read as follows:

704.78215 [4] Except as otherwise provided [~~in this section or~~] by specific statute, a provider is entitled to one portfolio energy credit for each kilowatt-hour of electricity that the provider generates [;] **or** acquires [~~or saves~~] from a portfolio energy system . [~~or efficiency measure.~~

~~2. The Commission may adopt regulations that give a provider more than one portfolio energy credit for each kilowatt hour of electricity saved by the provider during its peak load period from energy efficiency measures.]~~

**2. For portfolio energy systems placed into operation after January 1, 2015, the calculation of kilowatt-hours of electricity generated or acquired shall be net of any kilowatt-hours of electricity used by a portfolio energy system for its basic operations that reduce the amount of renewable energy delivered to the transmission grid for distribution and sale to customers.**

**Sec. 9** NRS 704.7822 is hereby amended to read as follows:

704.7822 For the purpose of complying with a portfolio standard established pursuant to NRS 704.7821 or 704.78213, a provider shall be deemed to have generated or acquired 2.4 kilowatt-hours of electricity from a renewable energy system for each 1.0 kilowatt-hour of actual electricity generated or acquired from a solar photovoltaic system, if:

1. The system is installed on the premises of a retail customer; ~~and~~
  2. *The system was placed into operation before July 1, 2013* **July 1, 2014;**
- and*
3. On an annual basis, at least 50 percent of the electricity generated by the system is utilized by the retail customer on that premises.

**Sec. 10.** NRS 704.7825 is hereby amended to read as follows:

704.7825 1. Each provider of electric service shall submit to the Commission an annual report that provides information relating to the actions taken by the provider to comply with its portfolio standard.

2. Each provider shall submit the annual report to the Commission after the end of each calendar year and within the time prescribed by the Commission. The report must be submitted in a format approved by the Commission.

3. The Commission may adopt regulations that require providers to submit to the Commission additional reports during each calendar year.

4. Each annual report and each additional report must include clear and concise information that sets forth:

(a) The amount of electricity which the provider generated ~~[5]~~ **or** acquired ~~[or saved]~~ from portfolio energy systems ~~[or efficiency measures]~~ during the reporting period and, if applicable, the amount of portfolio energy credits that the provider acquired, sold or traded during the reporting period to comply with its portfolio standard;

(b) The capacity of each renewable energy system owned, operated or controlled by the provider, the total amount of electricity generated by each such system during the reporting period and the percentage of that total amount which was generated directly from renewable energy;

(c) Whether, during the reporting period, the provider began construction on, acquired or placed into operation any renewable energy system and, if so, the date of any such event; **and**

~~(d) [Whether, during the reporting period, the provider participated in the acquisition or installation of any energy efficiency measures and, if so, the date of any such event; and]~~

(e)] Any other information that the Commission by regulation may deem relevant.



5. ~~[Based on the reports submitted by providers pursuant to this section, the Commission shall compile information that sets forth whether any provider has used energy efficiency measures to comply with its portfolio standard and, if so, the type of energy efficiency measures used and the amount of energy savings attributable to each such energy efficiency measure.]~~ The Commission ***shall compile the information contained in the reports submitted by providers pursuant to this section and*** shall report such information to:

- (a) The Legislature, not later than the first day of each regular session; and
- (b) The Legislative Commission, if requested by the Chair of the Commission.

**Sec. 11** NRS 704.7828 is hereby amended to read as follows:

704.7828 1. The Commission shall adopt regulations to carry out and enforce the provisions of NRS 704.7801 to 704.7828, inclusive. The regulations adopted by the Commission may include any enforcement mechanisms which are necessary and reasonable to ensure that each provider of electric service complies with its portfolio standard. Such enforcement mechanisms may include, without limitation, the imposition of administrative fines.

2. If a provider exceeds the portfolio standard for any calendar year, the Commission shall authorize the provider to carry forward to subsequent calendar years for the purpose of complying with the portfolio standard for those subsequent calendar years ~~{any}~~ *not more than 10 percent of the* excess kilowatt-hours of electricity that the provider generates, ~~{}~~ ~~{or}~~ acquires ~~{or saves}~~ from portfolio energy systems ~~{or efficiency measures}~~.

**3. For calendar year 2016, and therefor each year after;**

**(a) If total new portfolio energy credits generated by a provider in any calendar year exceeds its next year requirements by more than 25 percent, then the provider will use reasonable efforts to sell any portfolio energy credits carried over in excess of 25% of its next year requirement for portfolio energy credits.**

**(b) Any revenues received by a provider from the sale of portfolio energy credits authorized pursuant to this paragraph must be credited against the provider's costs for purchased fuel and power pursuant to NRS 704.187 in the same calendar year in which the revenues are received, less any verified administrative costs incurred by the provider to make the sale, including any costs incurred to qualify the portfolio energy credits in another state for potential sales regardless of whether such sales are made.**

**3.** If a provider does not comply with its portfolio standard for any calendar year and the Commission has not exempted the provider from the requirements of its portfolio standard pursuant to NRS 704.7821 or 704.78213, the Commission:

(a) Shall require the provider to carry forward to subsequent calendar years the amount of the deficiency in kilowatt-hours of electricity that the provider does not generate ~~{}~~ *or* acquire ~~{or save}~~ from portfolio energy systems ~~{or efficiency measures}~~ during a calendar year in violation of its portfolio standard, ~~or the amount of kilowatt-~~



~~hours of electricity equal to 10 percent of its portfolio standard for that year, whichever is lesser;~~ and

(b) May impose an administrative fine against the provider or take other administrative action against the provider, or do both.

5. The Commission may impose an administrative fine against a provider based upon:

(a) Each kilowatt-hour of electricity that the provider does not generate [~~5~~] *or* acquire [~~or save~~] from portfolio energy systems [~~or efficiency systems~~] during a calendar year in violation of its portfolio standard; or

(b) Any other reasonable formula adopted by the Commission.

6. In the aggregate, the administrative fines imposed against a provider for all violations of its portfolio standard for a single calendar year must not exceed the amount which is necessary and reasonable to ensure that the provider complies with its portfolio standard, as determined by the Commission.

7. If the Commission imposes an administrative fine against a utility provider:

(a) The administrative fine is not a cost of service of the utility provider;

(b) The utility provider shall not include any portion of the administrative fine in any application for a rate adjustment or rate increase; and

(c) The Commission shall not allow the utility provider to recover any portion of the administrative fine from its retail customers.

8. All administrative fines imposed and collected pursuant to this section must be deposited in the State General Fund.

**Sec. 12.** NRS 704.7802 is hereby repealed.

**Sec. 13.** Section 1 of this act expires by limitation on December 31, 2021.