

Amendment No. 302

Senate Amendment to Senate Bill No. 281	(BDR 58-693)
Proposed by: Senate Committee on Growth and Infrastructure	
Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION	Initial and Date		SENATE ACTION	Initial and Date
Adopted <input type="checkbox"/>	Lost <input type="checkbox"/>	_____	Adopted <input type="checkbox"/>	Lost <input type="checkbox"/>
Concurred In <input type="checkbox"/>	Not <input type="checkbox"/>	_____	Concurred In <input type="checkbox"/>	Not <input type="checkbox"/>
Receded <input type="checkbox"/>	Not <input type="checkbox"/>	_____	Receded <input type="checkbox"/>	Not <input type="checkbox"/>

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.



SENATE BILL NO. 281—SENATOR NGUYEN

MARCH 15, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing ~~{natural gas}~~ public utilities. (BDR 58-693)

FISCAL NOTE: Effect on Local Government: No.
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 ~~{natural gas}~~ public utilities; requiring certain ~~{natural gas}~~ public utilities to file with the Public Utilities Commission of Nevada a triennial plan designed to meet the current and future demand for natural gas at the lowest reasonable cost to the ~~{natural gas}~~ public utility and its customers; prohibiting ~~{a natural gas utility}~~ certain public utilities from filing a general rate application under certain circumstances; revising provisions governing certain regulations the Commission is required to adopt with respect to ~~{natural gas}~~ certain public utilities; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires a utility which supplies natural gas in this State to file annually with the Public Utilities Commission of Nevada an informational report describing certain information regarding the demand for natural gas, certain costs related to the provision of gas service and sources of planned acquisitions of natural gas. (NRS 704.991) ~~{Sections 8, Section 14 [and 18]}~~ of this bill ~~{replace}~~ replaces the requirement to file an annual informational report with a requirement for a ~~{natural gas}~~ public utility which ~~{serves}~~ purchases natural gas for resale to 10 or more customers in [a calendar year] this State to file with the Commission, on or before October 1, 2025, and on or before October 1 of every third year thereafter, a plan designed to meet the current and future ~~{demand}~~ needs for natural gas at the lowest reasonable cost to the ~~{natural gas}~~ public utility and its customers. **Section 14** requires the plan to include certain information related to the provision of gas service by the utility, ~~{during the 3 years covered by the plan,}~~ including certain expenses of the utility and certain activities and programs that the utility plans to engage in. **Section 14** requires the Commission to require each ~~{natural gas}~~ public utility to meet with personnel from the Commission and the Bureau of Consumer Protection in the Office of the Attorney General and any other interested persons at least 4 months before filing the plan or within a reasonable period before filing an amendment to an existing plan to provide an overview of the plan or amendment.

Sections 2-10 of this bill define terms related to the plan required to be filed by a ~~{natural gas}~~ public utility.

Section 11 of this bill requires the Commission to convene a public hearing on the adequacy of the plan and establishes certain determinations regarding the plan that the Commission is required to make following such a hearing.

24 **Section 12** of this bill requires the Commission to issue an order accepting or modifying
 25 the plan, and any amendment to the plan, within a certain period of time and authorizes the
 26 ~~natural gas~~ **public** utility to respond to any modifications to the plan made by the
 27 Commission. **Section 12** provides that a plan or an amendment to a plan that is accepted by
 28 the Commission shall be deemed prudent and a ~~natural gas~~ **public** utility is authorized to
 29 recover all prudently ~~and reasonably~~ incurred costs for the **reasonable** implementation of
 30 such a plan or amendment.

31 **Section 13** of this bill prohibits a ~~natural gas~~ **public** utility **which purchases natural**
 32 **gas for resale to 10 or more customers in this State** from filing a general rate application
 33 within 180 days before or after the filing of a plan.

34 Existing law requires the Commission to adopt regulations authorizing a public utility
 35 which purchases natural gas for resale to expand the infrastructure of the public utility in a
 36 manner consistent with a program of economic development. (NRS 704.9925) **Section 16** of
 37 this bill instead requires the Commission to adopt regulations authorizing a ~~natural gas~~
 38 **public** utility **which purchases natural gas for resale to 10 or more customers in this State**
 39 to include in the plan required to be filed by ~~a natural gas~~ **the public** utility a proposal to
 40 expand its infrastructure in a manner consistent with a program of economic development.
 41 ~~[Section 17 of this bill makes a conforming change to reflect that the regulations adopted by~~
 42 ~~the Commission apply to a natural gas utility that is required to file a plan.]~~

43 **Section 15** of this bill removes the existing requirement for the Commission to adopt
 44 certain regulations establishing methods and programs that remove financial disincentives
 45 which discourage a public utility which purchases natural gas for resale from supporting
 46 energy conservation.

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding thereto the
 2 provisions set forth as sections 2 to 13, inclusive, of this act.

3 **Sec. 2.** *As used in NRS 704.991, 704.992 and 704.9925, and sections 3 to*
 4 *13, inclusive, of this act, unless the context otherwise requires, the words and*
 5 *terms defined in sections 3 to 10, inclusive, of this act have the meanings ascribed*
 6 *to them in those sections.*

7 **Sec. 3.** *“Carbon capture , use and storage” means the capture of*
 8 *greenhouse gas emissions, including, without limitation, through direct air*
 9 *capture, that would otherwise be released into the atmosphere.*

10 **Sec. 4.** *“Carbon-neutral natural gas” means natural gas accompanied by*
 11 *offsetting measures to balance greenhouse gas emissions generated when natural*
 12 *gas is combusted.*

13 **Sec. 5.** *“Carbon offset” means a reduction in greenhouse gas emissions or*
 14 *an increase in carbon capture , use and storage used to compensate for*
 15 *greenhouse gas emissions that occur elsewhere.*

16 **Sec. 6.** *“Energy efficiency and conservation” means a reduction in energy*
 17 *intensity or energy consumption.*

18 **Sec. 6.5.** *“Greenhouse gas” has the meaning ascribed to it in NRS*
 19 *445B.137.*

20 **Sec. 7.** *“Load management” means the practice of adjusting or reshaping*
 21 *energy usage from one period to another.*

22 **Sec. 8.** ~~“Natural gas utility” means a public utility which:~~

- 23 ~~1. Purchases natural gas for resale; and~~
- 24 ~~2. Serves 10 or more customers in this State during a calendar year.] (Deleted~~
 25 ~~by amendment.)~~

26 **Sec. 9.** *“Responsibly sourced or transported natural gas” means geologic*
 27 *natural gas that is produced or transported with methane emission intensity levels*

1 that are below a certain threshold and using processes that demonstrate best
2 practices for production and transportation.

3 **Sec. 10.** “Significant operational or capital requirements” means the
4 construction of a new transmission, distribution, compression or storage facility
5 or the rehabilitation, replacement, modification, upgrade, uprate or update of
6 existing facilities, or any planned series of such activities addressing the same
7 need, in which:

8 1. ~~[Costs]~~ The anticipated cost is more than \$10 million; or

9 2. ~~[Involves]~~ The activity involves the construction of 10 miles or more of
10 new pipeline.

11 **Sec. 11.** 1. After a public utility has filed its plan pursuant to NRS
12 704.991, the Commission shall convene a public hearing on the adequacy of the
13 plan.

14 2. The Commission shall determine the parties to the public hearing on the
15 adequacy of the plan. A person or governmental entity may petition the
16 Commission for leave to intervene as a party. The Commission must grant a
17 petition to intervene as a party in the hearing if the person or entity has relevant
18 material evidence to provide concerning the adequacy of the plan. The
19 Commission may limit participation of an intervener in the hearing to avoid
20 duplication and may prohibit continued participation in the hearing by an
21 intervener if the Commission determines that continued participation will unduly
22 broaden the issues, will not provide additional relevant material evidence or is not
23 necessary to further the public interest.

24 3. In addition to any party to the hearing, any interested person may make
25 comments to the Commission regarding the contents and adequacy of the plan.

26 4. After the hearing, the Commission shall determine whether:

27 (a) The forecast requirements of the ~~[natural gas]~~ public utility are based on
28 substantially accurate data and an adequate method of forecasting.

29 (b) The plan identifies and takes into account any present and projected
30 changes in the demand for natural gas.

31 (c) The plan adequately demonstrates the need for and cost-effectiveness of
32 the proposed activities and investments ~~[]~~, as applicable.

33 (d) The plan identifies ~~[]~~

34 ~~— (1) The~~ the mix of geologic and commercially-available nongeologic gas
35 supply, ~~[which will be utilized by the natural gas utility]~~

36 ~~— (2) Activities and programs that will be implemented by the natural gas~~
37 utility to promote} energy efficiency and conservation ~~[] and~~

38 ~~— (3) Investments}~~ programs and activities and investments designed to
39 meet the current and future ~~[demand]~~ needs for natural gas at the lowest
40 reasonable cost to the ~~[natural gas]~~ public utility and its customers.

41 (e) ~~[If the]~~ To the extent the plan includes commercially-available
42 nongeologic gas supply options, the plan identifies and considers any present and
43 projected changes in greenhouse gas emissions as a result of the proposed
44 activities.

45 (f) The plan adequately mitigates adverse impacts on low-income and
46 historically underserved communities.

47 **Sec. 12.** 1. After a ~~[natural gas]~~ public utility has filed the plan required
48 pursuant to NRS 704.991, the Commission shall issue an order accepting or
49 modifying the plan or specifying any portions of the plan it deems to be
50 inadequate within 210 days. If the Commission issues an order modifying the
51 plan, the ~~[natural gas]~~ public utility may consent to or reject some or all of the
52 modifications by filing with the Commission a notice to that effect. Any such
53 notice must be filed not later than 30 days after the date of issuance of the order.

2. If a ~~natural gas~~ public 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 within 180 days after the filing of the amendment. If the Commission issues an order modifying the amendment, the ~~natural gas~~ public 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.

3. Except as otherwise provided by this chapter, a plan filed pursuant to NRS 704.991 or an amendment to such a plan that is accepted by the Commission shall be deemed to be prudent and the ~~natural gas~~ public utility ~~may~~ shall recover all prudently ~~and reasonably~~ incurred costs for the reasonable implementation of such a plan or amendment. For the purposes of this subsection, a plan or amendment shall be deemed accepted by the Commission only ~~with respect to:~~

~~(a) The portion of the plan or amendment that was accepted by the Commission as filed; and~~

~~(b) Any modification to the plan or amendment to which the natural gas utility consented, as to that portion of the plan or amendment accepted as filed or modified with the consent of the public utility pursuant to subsection 1 or 2.~~

Sec. 13. A ~~natural gas~~ public utility which purchases natural gas for resale to 10 or more customers in this State shall not file a general rate application:

1. During the 180 ~~calendar~~ days immediately preceding the date on which the ~~natural gas~~ public utility is required to file a plan pursuant to NRS 704.991; or

2. Within 180 days after any date on which the ~~natural gas~~ public utility files a plan pursuant to NRS 704.991.

Sec. 14. NRS 704.991 is hereby amended to read as follows:

704.991 1. ~~A natural gas~~ To ensure all energy users continue to have access to safe, reliable, sustainable and affordable energy resources for their homes and businesses, a public utility which ~~supplies~~ purchases natural gas for resale to 10 or more customers in this state shall, on or before October 1, 2025, and every third year thereafter, file annually with the Commission ~~in a format prescribed by the Commission, an informational report which describes:~~

~~1. , on or before October 1 of every third year, a plan designed to meet the current and future demand needs for natural gas at the lowest reasonable cost to the natural gas public utility and its customers. The plan shall include, without limitation, for the 3 year period immediately following the submission of the plan, Commission shall prescribe by regulation the contents of such a plan, including, without limitation:~~

(a) The anticipated demand for natural gas made on ~~its~~ the system of the ~~natural gas~~ public utility by its customers;

~~2.~~ (b) The estimated cost of supplying natural gas sufficient to meet the demand and the means by which the ~~natural gas~~ public utility proposes to minimize that cost;

~~3.~~ (c) The sources of planned acquisitions of natural gas, including an estimate of the cost and quantity of the acquisitions to be made from each source and an assessment of the reliability of the source; ~~and~~

~~4.~~ (d) Significant operational or capital requirements of the ~~natural gas~~ public utility related to its provision of gas service in this state that the public utility plans to implement within the 3 years immediately following the date on which the plan is filed with the Commission ~~;~~ ;

1 (e) Activities and programs that will be implemented by the ~~natural gas~~
2 public utility to promote energy efficiency and conservation;

3 (f) Renewable natural gas activities described in subsection 3 of NRS
4 704.9997 that will be engaged in by the ~~natural gas~~ public utility and any other
5 proposed activities or expenses of the ~~natural gas~~ public utility related to
6 commercially-available nongeologic gas supplies, carbon offsets, load
7 management or carbon capture use and storage;

8 (g) An analysis in support of the plan based on information available at the
9 time the plan is filed, including, without limitation:

10 (1) An assessment of supplies of geologic and commercially available
11 nongeologic gas, including, without limitation, renewable natural gas, carbon-
12 neutral natural gas and responsibly sourced or transported natural gas;

13 (2) An assessment of opportunities for ~~natural~~ gas storage, including,
14 without limitation, contracted storage and storage owned by the ~~natural gas~~
15 public utility;

16 (3) An assessment of the capability and reliability of pipelines used for
17 transmission;

18 (4) An analysis of the greenhouse gas emissions reasonably expected to
19 be avoided or reduced through the plan, including, without limitation:

20 (I) An explanation of the methodology used by the ~~natural gas~~
21 public utility to calculate the greenhouse gas emissions that are expected from the
22 use of natural gas by customers of the ~~natural gas~~ public utility; and

23 (II) An estimate of the reductions in greenhouse gas emissions
24 attributable to specific activities or investments of the ~~natural gas~~ public utility;

25 (5) A comparative evaluation of the cost of supply purchasing strategies,
26 storage options, delivery resources and improvements in energy efficiency,
27 conservation and load management using generally accepted methods for
28 calculating cost effectiveness; and

29 (6) An analysis of the estimated impact of the investments and activities
30 planned by the ~~natural gas~~ public utility on the rates charged to customers.

31 2. The Commission shall require each ~~natural gas~~ public utility, not less
32 than 4 months before filing a plan required pursuant to this section, or within a
33 reasonable period before filing an amendment to such a plan pursuant to section
34 12 of this act, to meet with personnel from the Commission and the Bureau of
35 Consumer Protection in the Office of the Attorney General and any other
36 interested persons to provide an overview of the anticipated filing or amendment.

37 **Sec. 15.** NRS 704.992 is hereby amended to read as follows:

38 704.992 ~~[-]~~ The Commission shall adopt regulations to establish ~~methods~~
39 ~~and programs for a public utility which purchases natural gas for resale that remove~~
40 ~~financial disincentives which discourage the public utility from supporting energy~~
41 ~~conservation, including, without limitation:~~

42 ~~—(a) Procedures.] procedures~~ for a public utility which purchases natural gas for
43 resale to 10 or more customers in this State to have a mechanism established
44 during a general rate application filed pursuant to NRS 704.110 to ensure that the
45 costs of the public utility for providing service are recovered without regard to the
46 difference in the quantity of natural gas actually sold by the public utility by taking
47 into account the adjusted and annualized quantity of natural gas sold during a test
48 year and the growth in the number of customers of the public utility . ~~[-]~~

49 ~~—(b) Procedures for a public utility which purchases natural gas for resale to~~
50 ~~apply to the Commission for approval of an activity relating to increasing energy~~
51 ~~efficiency or energy conservation; and~~

1 ~~— (c) Procedures for a public utility which purchases natural gas for resale to~~
 2 ~~apply to the Commission for the recovery of costs associated with an activity~~
 3 ~~approved by the Commission pursuant to paragraph (b).~~

4 ~~— 2. The regulations adopted pursuant to subsection 1 must ensure that the~~
 5 ~~methods and programs consider the recovery of costs, stabilization of revenue and~~
 6 ~~any reduction of risk for the public utility which purchases natural gas for resale.]~~

7 **Sec. 16.** NRS 704.9925 is hereby amended to read as follows:

8 704.9925 1. The Commission shall adopt regulations ~~[authorizing]~~ :

9 ~~(a) Authorizing a public utility which purchases natural gas for resale [utility]~~
 10 ~~to 10 or more customers in this State to include in a plan filed pursuant to NRS~~
 11 ~~704.991 a proposal to expand the infrastructure of the public [natural gas] utility in~~
 12 ~~a manner consistent with a program of economic development ; ~~[, including,~~~~
 13 ~~without limitation;~~

14 ~~— (a) Procedures for a public utility which purchases natural gas for resale to~~
 15 ~~apply to the Commission for approval of an activity relating to the expansion of the~~
 16 ~~infrastructure of the public utility in a manner consistent with a program of~~
 17 ~~economic development;] and~~

18 ~~(b) [Procedures] Establishing procedures~~ for a public [natural gas] utility
 19 which purchases natural gas for resale to 10 or more customers in this State to
 20 apply to the Commission for the recovery of costs associated with an activity
 21 approved by the Commission ~~[pursuant to paragraph (a).] as part of a plan filed~~
 22 pursuant to NRS 704.991.

23 2. The regulations adopted pursuant to subsection 1 must ensure the timely
 24 recovery by the public [natural gas] utility ~~[which purchases natural gas for resale]~~
 25 of all prudent and reasonable costs associated with the expansion of the
 26 infrastructure of the public [natural gas] utility in a manner consistent with a
 27 program of economic development through the development of alternative cost-
 28 recovery methodologies that balance the interests of persons receiving direct
 29 benefits and persons receiving indirect benefits from the expansion of the
 30 infrastructure of the public [natural gas] utility.

31 3. As used in this section, “program of economic development” means a
 32 program to expand the infrastructure of a public [natural gas] utility which
 33 purchases natural gas for resale to 10 or more customers in this State that is
 34 proposed by the public [natural gas] utility and approved by the Commission for
 35 one or more of the following purposes:

36 (a) Providing natural gas service to unserved and underserved areas within this
 37 State;

38 (b) Accommodating the expansion of existing business customers of the public
 39 [natural gas] utility;

40 (c) Attracting and retaining residential and business customers of the public
 41 [natural gas] utility;

42 (d) Attracting to this State new and diverse businesses and industries which use
 43 natural gas and which would otherwise locate or expand their business or industry
 44 within this State but for the absence of adequate natural gas infrastructure;

45 (e) Facilitating the implementation of the State Plan for Economic
 46 Development developed by the Executive Director of the Office of Economic
 47 Development pursuant to subsection 2 of NRS 231.053; and

48 (f) Facilitating any policy of the Legislature with respect to economic
 49 development in this State.

50 **Sec. 17.** ~~[NRS 271B.130 is hereby amended to read as follows:~~

51 ~~— 271B.130 — 1. For the purposes of subsection 3 of NRS 704.9925, the activity~~
 52 ~~of a [public] natural gas utility [which purchases natural gas for resale] relating to~~
 53 ~~the expansion of its infrastructure necessary to provide natural gas to the legal~~

1 boundary of a district constitutes a program of economic development. The [public]
2 ~~natural gas utility shall expand its infrastructure in accordance with the provisions~~
3 ~~of that section.~~

4 ~~2. A [public] natural gas utility which expands its infrastructure as described~~
5 ~~in subsection 1 shall file an application with the Public Utilities Commission of~~
6 ~~Nevada in accordance with the regulations adopted pursuant to NRS 704.9925 to~~
7 ~~establish rates to recover all prudent and reasonable costs associated with the~~
8 ~~expansion in accordance with the provisions of that section.~~

9 ~~3. As used in this section, [“public] “natural gas utility” has the meaning~~
10 ~~ascribed to it in [NRS 704.020.] **section 8 of this act.** (Deleted by amendment.)~~

11 **Sec. 18.** ~~[1. Notwithstanding any other provision of law, a natural gas~~
12 ~~utility shall file a plan pursuant to NRS 704.991, as amended by section 14 of this~~
13 ~~act, on or before October 1, 2025. A natural gas utility is not required to file a plan~~
14 ~~pursuant to NRS 704.991, as amended by section 14 of this act, during the 2024~~
15 ~~calendar year.~~

16 ~~2. As used in this section, “natural gas utility” has the meaning ascribed to it~~
17 ~~in section 8 of this act.] (Deleted by Amendment.)~~

18 **Sec. 19.** 1. This section becomes effective upon passage and approval.

19 2. Sections 1 to 18, inclusive, of this act become effective:

20 (a) Upon passage and approval for the purpose of adopting any regulations and
21 performing any other preparatory administrative tasks that are necessary to carry
22 out the provisions of this act; and

23 (b) On January 1, 2024, for all other purposes.