

SENATE BILL NO. 353—SENATOR PAZINA

MARCH 22, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions governing energy efficiency and conservation programs. (BDR 58-558)

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 utilities; revising provisions governing the integrated resource and energy efficiency plan of an electric utility; revising certain legislative findings relating to energy conservation and efficiency; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires each electric utility to submit to the Public Utilities
2 Commission of Nevada every 3 years an integrated resource plan to increase the
3 utility’s supply of electricity or decrease the demands made on its system by its
4 customers. Existing law provides that the integrated resource plan must include
5 certain components, including, without limitation, a proposal for the expenditure of
6 not less than 10 percent of the total expenditures related to energy efficiency and
7 conservation programs on energy efficiency measures for customers of the electric
8 utility in low-income households and residential customers and public schools in
9 historically underserved communities. (NRS 704.741) Existing law also requires an
10 electric utility to include in its integrated resource plan an energy efficiency plan
11 that provides that not less than 10 percent of the total expenditures related to energy
12 efficiency programs will be spent on energy efficiency measures for customers of
13 the electric utility in low-income households and residential customers and public
14 schools in historically underserved communities. (NRS 704.751, 704.7836)

15 **Sections 5, 6 and 10** of this bill amend the requirements for the contents of an
16 integrated resource plan and energy efficiency plan to provide that the 10 percent of
17 expenditures related to energy efficiency and conservation programs that must be
18 dedicated to customers in low-income households and residential customers and
19 public schools in historically underserved communities may be for beneficial
20 electrification measures, in addition to energy efficiency measures. **Section 2** of
21 this bill defines the term “beneficial electrification measure.” **Section 3** of this bill
22 establishes a rate of conversion between British thermal units and kilowatt-hours
23 for the purpose of determining whether a measure is a beneficial electrification



24 measure. **Section 7** of this bill makes a conforming change to indicate the proper
25 placement of **sections 2 and 3** in the Nevada Revised Statutes.
26 **Sections 4 and 8** of this bill revise certain definitions relevant to the integrated
27 resource plan and energy efficiency plan of an electric utility.
28 **Section 9** of this bill revises certain findings of the Legislature relating to
29 energy conservation and energy efficiency to incorporate certain provisions of
30 federal law related to energy efficiency.

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
2 thereto the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2.** *“Beneficial electrification measure” means a*
4 *measure that increases the consumption of electricity on the*
5 *premises of a retail customer while reducing or avoiding the*
6 *consumption of any fossil fuel on the premises, if, over the life of*
7 *the measure, the reduction or avoidance results in a reduction of*
8 *total energy consumption and total carbon dioxide emissions.*

9 **Sec. 3.** *When calculating changes in total energy*
10 *consumption for the purpose of determining whether a measure is*
11 *a beneficial electrification measure, 3,412 British thermal units is*
12 *equal to 1 kilowatt-hour.*

13 **Sec. 4.** NRS 704.7366 is hereby amended to read as follows:

14 704.7366 1. “Energy efficiency and conservation program”
15 means a program designed, intended or used to improve energy
16 efficiency by reducing the energy consumption by a retail customer
17 of a utility which supplies electricity in this State.

18 2. The term includes, without limitation, a demand-side
19 response program or load-limiting program that shifts the
20 consumption of energy by a retail customer from one period to
21 another period ~~or~~ *or a beneficial electrification measure, as*
22 *defined in section 2 of this act.*

23 3. The term does not include the implementation or assessment
24 of any rate which is based on the time of day, day of the week or
25 time of year during which electricity is used or which otherwise
26 varies based upon the time during which the electricity is used.

27 **Sec. 5.** NRS 704.741 is hereby amended to read as follows:

28 704.741 1. A utility which supplies electricity in this State
29 shall, on or before June 1 of every third year, in the manner
30 specified by the Commission, submit a plan to increase its supply of
31 electricity or decrease the demands made on its system by its
32 customers to the Commission. Two or more utilities that are
33 affiliated through common ownership and that have an



1 interconnected system for the transmission of electricity shall
2 submit a joint plan.

3 2. The Commission shall, by regulation:

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

7 (1) Forecast the future demands, except that a forecast of the
8 future retail electric demands of the utility or utilities must not
9 include the amount of energy and capacity proposed pursuant to
10 subsection 5 as annual limits on the total amount of energy and
11 capacity that eligible customers may be authorized to purchase from
12 providers of new electric resources through transactions approved
13 by the Commission pursuant to an application submitted pursuant to
14 NRS 704B.310 on or after May 16, 2019; and

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

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

19 3. The Commission shall require the utility or utilities to
20 include in the plan:

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

25 (b) A proposal for the expenditure of not less than 10 percent of
26 the total expenditures related to energy efficiency and conservation
27 programs on energy efficiency *measures and beneficial*
28 *electrification* measures for customers of the electric utility in low-
29 income households and residential customers and public schools in
30 historically underserved communities, through both targeted
31 programs and programs directed at residential customers and public
32 schools in general.

33 (c) A comparison of a diverse set of scenarios of the best
34 combination of sources of supply to meet the demands or the best
35 methods to reduce the demands, which must include at least one
36 scenario of low carbon dioxide emissions that:

37 (1) Uses sources of supply that result in, by 2050, an amount
38 of energy production from zero carbon dioxide emission resources
39 that equals the forecasted demand for electricity by customers of the
40 utility;

41 (2) Includes the deployment of distributed generation; and

42 (3) If the plan is submitted on or before June 1, 2027, uses
43 sources of supply that result in, by the year 2030, an 80 percent
44 reduction in carbon dioxide emissions from the generation of



1 electricity to meet the demands of customers of the utility as
2 compared to the amount of such emissions in the year 2005.

3 (d) An analysis of the effects of the requirements of NRS
4 704.766 to 704.776, inclusive, on the reliability of the distribution
5 system of the utility or utilities and the costs to the utility or utilities
6 to provide electric service to all customers. The analysis must
7 include an evaluation of the costs and benefits of addressing issues
8 of reliability through investment in the distribution system.

9 (e) A list of the utility's or utilities' assets described in
10 NRS 704.7338.

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

12 4. The Commission shall require the utility or utilities to
13 include in the plan a distributed resources plan. The distributed
14 resources plan must:

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

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

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

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

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

37 (f) Include a transportation electrification plan as required by
38 NRS 704.7867.

39 5. The Commission shall require the utility or utilities to
40 include in the plan a proposal for annual limits on the total amount
41 of energy and capacity that eligible customers may be authorized to
42 purchase from providers of new electric resources through
43 transactions approved by the Commission pursuant to an application
44 submitted pursuant to NRS 704B.310 on or after May 16, 2019. In
45 developing the proposal and the forecasts in the plan, the utility or



1 utilities must use a sensitivity analysis that, at a minimum, addresses
2 load growth, import capacity, system constraints and the effect of
3 eligible customers purchasing less energy and capacity than
4 authorized by the proposed annual limit. The proposal in the plan
5 must include, without limitation:

- 6 (a) A forecast of the load growth of the utility or utilities;
- 7 (b) The number of eligible customers that are currently being
8 served by or anticipated to be served by the utility or utilities;
- 9 (c) Information concerning the infrastructure of the utility or
10 utilities that is available to accommodate market-based new electric
11 resources;
- 12 (d) Proposals to ensure the stability of rates and the availability
13 and reliability of electric service; and
- 14 (e) For each year of the plan, impact fees applicable to each
15 megawatt or each megawatt hour to account for costs reflected in
16 the base tariff general rate and base tariff energy rate paid by end-
17 use customers of the electric utility.

18 6. The annual limits proposed pursuant to subsection 5 shall
19 not apply to energy and capacity sales to an eligible customer if the
20 eligible customer:

- 21 (a) Was not an end-use customer of the electric utility at any
22 time before June 12, 2019; and
- 23 (b) Would have a peak load of 10 megawatts or more in the
24 service territory of an electric utility within 2 years of initially
25 taking electric service.

26 7. As used in this section:

27 (a) *“Beneficial electrification measure” has the meaning*
28 *ascribed to it in section 2 of this act.*

29 (b) “Distributed generation system” has the meaning ascribed to
30 it in NRS 701.380.

31 ~~(b)~~ (c) “Distributed resources” means distributed generation
32 systems, energy efficiency, energy storage, electric vehicles and
33 demand-response technologies.

34 ~~(e)~~ (d) “Eligible customer” has the meaning ascribed to it in
35 NRS 704B.080.

36 ~~(d)~~ (e) “Energy” has the meaning ascribed to it in
37 NRS 704B.090.

38 ~~(e)~~ (f) “Historically underserved community” has the meaning
39 ascribed to it in NRS 704.78343.

40 ~~(f)~~ (g) “Low-income household” has the meaning ascribed to
41 it in NRS 704.78347.

42 ~~(g)~~ (h) “New electric resource” has the meaning ascribed to it
43 in NRS 704B.110.

44 ~~(h)~~ (i) “Provider of new electric resources” has the meaning
45 ascribed to it in NRS 704B.130.



1 ~~(j)~~ (j) “Renewable energy zones” means specific geographic
2 zones where renewable energy resources are sufficient to develop
3 generation capacity and where transmission constrains the delivery
4 of electricity from those resources to customers.

5 ~~(k)~~ (k) “Sensitivity analysis” means a set of methods or
6 procedures which results in a determination or estimation of the
7 sensitivity of a result to a change in given data or a given
8 assumption.

9 **Sec. 6.** NRS 704.751 is hereby amended to read as follows:

10 704.751 1. After a utility has filed the plan required pursuant
11 to NRS 704.741, the Commission shall issue an order accepting or
12 modifying the plan or specifying any portions of the plan it deems to
13 be inadequate:

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

17 (b) Within 210 days for all portions of the plan not described in
18 paragraph (a).

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

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

30 (a) Within 165 days after the filing of the amendment; or

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

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

42 3. Any order issued by the Commission accepting or modifying
43 a plan required pursuant to NRS 704.741 or an amendment to such a
44 plan must include the justification of the Commission for the
45 preferences given pursuant to subsection 5 of NRS 704.746 to the



1 measures and sources of supply set forth in paragraph (c) of
2 subsection 4 of NRS 704.746.

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

7 5. The Commission may accept an energy efficiency plan
8 containing an energy efficiency program submitted pursuant to
9 paragraph (a) of subsection 3 of NRS 704.741 and energy efficiency
10 and conservation programs submitted pursuant to paragraph (b) of
11 subsection 3 of NRS 704.741 that are not cost effective if the energy
12 efficiency plan as a whole is cost effective. Any order issued by the
13 Commission accepting or modifying an energy efficiency plan or an
14 amendment to such a plan must, if the energy efficiency plan
15 remains cost effective, require that not less than 10 percent of the
16 total expenditures of the utility or utilities on approved energy
17 efficiency and conservation programs in the energy efficiency plan
18 must be specifically directed to energy efficiency *measures and*
19 *beneficial electrification* measures for customers of the utility or
20 utilities in low-income households and residential customers and
21 public schools in historically underserved communities, through
22 both targeted programs and programs directed at residential
23 customers and public schools in general.

24 6. The Commission may accept a distributed resources plan
25 submitted pursuant to subsection 4 of NRS 704.741 if the
26 Commission determines that the plan includes each element
27 required by that subsection.

28 7. Any order issued by the Commission accepting or modifying
29 an element of an emissions reduction and capacity replacement plan
30 must include provisions authorizing the electric utility or utilities to
31 construct or acquire and own electric generating plants necessary to
32 meet the capacity amounts approved in, and carry out the provisions
33 of, the plan. As used in this subsection, "capacity" means an amount
34 of firm electric generating capacity used by the electric utility or
35 utilities for the purpose of preparing a plan filed with the
36 Commission pursuant to NRS 704.736 to 704.754, inclusive.

37 8. The Commission shall accept a transmission infrastructure
38 for a clean energy economy plan that conforms to the requirements
39 of subsections 1 and 2 of NRS 704.79877 and includes the
40 evaluations required by subsection 4 of NRS 704.79877.

41 9. As used in this section:

42 (a) "*Beneficial electrification measure*" has the meaning
43 *ascribed to it in section 2 of this act.*

44 (b) "Historically underserved community" has the meaning
45 ascribed to it in NRS 704.78343.



1 ~~[(b)]~~ (c) “Low-income household” has the meaning ascribed to
2 it in NRS 704.78347.

3 **Sec. 7.** NRS 704.783 is hereby amended to read as follows:

4 704.783 As used in NRS 704.783 to 704.7836, inclusive, *and*
5 *section 3 of this act*, unless the context otherwise requires, the
6 words and terms defined in NRS 704.7831 to 704.7834, inclusive,
7 *and section 2 of this act* have the meanings ascribed to them in
8 those sections.

9 **Sec. 8.** NRS 704.7833 is hereby amended to read as follows:

10 704.7833 1. “Energy efficiency program” means a program
11 designed, intended or used to improve energy efficiency by reducing
12 the energy consumption by a retail customer of an electric utility.

13 2. The term includes, without limitation, a demand-side
14 response program or load-limiting program that shifts the
15 consumption of energy by a retail customer from one period to
16 another period ~~[-]~~ *or a beneficial electrification measure.*

17 3. The term does not include the implementation or assessment
18 of any rate which is based on the time of day, day of the week or
19 time of year during which electricity is used or which otherwise
20 varies based upon the time during which the electricity is used.

21 **Sec. 9.** NRS 704.7835 is hereby amended to read as follows:

22 704.7835 The Legislature hereby finds and declares that:

23 1. Energy is essential to the economy of this State and to the
24 health, safety and welfare of the residents of this State.

25 2. The State has a responsibility to encourage the maintenance
26 of a reliable and economical supply of energy at a level which is
27 consistent with the protection of the quality of the environment of
28 this State.

29 3. The State and the public have an interest in encouraging
30 electric utilities to promote and take actions toward the conservation
31 of energy and the reduction of the consumption of energy by
32 consumers in this State.

33 4. The State has a responsibility to encourage the development
34 of a wide range of standards, goals and programs to reduce energy
35 waste by consumers in this State.

36 5. Planning for energy conservation and the future energy
37 needs of this State should include consideration of state, regional
38 and local plans for land use, urban expansion, transportation
39 systems, environmental protection and economic development.

40 6. It is in the interest of this State and the residents of this State
41 that the energy efficiency plans and programs of electric utilities
42 should maximize the implementation of cost-effective, achievable
43 energy efficiency opportunities.

44 7. The reduction of the consumption of energy by consumers in
45 this State conserves water, reduces carbon dioxide and other



1 emissions and is essential to the economy of this State and to the
2 health, safety and welfare of the residents of this State.

3 **8. *The Inflation Reduction Act of 2022, Pub. L. No. 117-169,***
4 ***authorizes new federal tax incentives, rebates and grant programs***
5 ***that increase the opportunities for investment in energy efficiency***
6 ***measures that are cost effective, will conserve energy and reduce***
7 ***energy waste by consumers in this State, including the following***
8 ***sections:***

9 (a) *Section 13301, Extension, Increase and Modifications of*
10 *Nonbusiness Energy Property Credit;*

11 (b) *Section 13302, Residential Clean Energy Credit;*

12 (c) *Section 13303, Energy Efficient Commercial Buildings*
13 *Deduction;*

14 (d) *Section 13304, Extension, Increase and Modifications of*
15 *New Energy Efficient Home Credit;*

16 (e) *Section 50121, Home Energy Performance-Based, Whole-*
17 *House Rebates;*

18 (f) *Section 50122, High-Efficiency Electric Home Rebate*
19 *Program; and*

20 (g) *Section 60103, Greenhouse Gas Reduction Fund.*

21 **9. *In addition, the Infrastructure Investment and Jobs Act,***
22 ***Pub. L. No. 117-58, authorizes new and amended federal grant***
23 ***programs that increase the opportunities for investment in energy***
24 ***efficiency measures that are cost effective, conserve energy and***
25 ***reduce energy waste by consumers in this State, including the***
26 ***following sections:***

27 (a) *Section 40502, Energy Efficiency Revolving Loan Fund*
28 *Capitalization Grant Program;*

29 (b) *Section 40541, Grants for Energy Efficiency Improvements*
30 *and Renewable Energy Improvements at Public School Facilities;*

31 (c) *Section 40542, Energy Efficiency Materials Pilot Program;*

32 (d) *Section 40551, Weatherization Assistance Program; and*

33 (e) *Section 40552, Energy Efficiency and Conservation Block*
34 *Grant Program.*

35 **10. *The State and the public have an interest in encouraging***
36 ***electric utilities to consider and take full advantage of the***
37 ***provisions of the Inflation Reduction Act of 2022 and the***
38 ***Infrastructure Investment and Jobs Act in developing and***
39 ***implementing energy efficiency plans and programs for customers***
40 ***of the utilities, including programs that may increase the***
41 ***consumption of electricity while reducing total energy***
42 ***consumption.***

43 **11. *Electric utilities should offer plans that increase the***
44 ***range of energy efficiency programs that are cost effective and***
45 ***available to customers of the utilities, without eliminating,***



1 *reducing or otherwise diminishing the availability of existing*
2 *energy efficiency programs that are cost effective and supported by*
3 *customers.*

4 **Sec. 10.** NRS 704.7836 is hereby amended to read as follows:

5 704.7836 1. The Commission shall establish by regulation
6 for each electric utility goals for energy savings resulting from
7 energy efficiency programs implemented by the electric utility each
8 year, which must be included in the resource plan filed by the
9 electric utility pursuant to NRS 704.741.

10 2. The Commission may:

11 (a) Modify a goal for energy savings it has previously
12 established for an electric utility.

13 (b) Upon receipt of a petition submitted by an electric utility,
14 temporarily lower a goal for energy savings it has previously
15 established for the electric utility if the electric utility demonstrates
16 that economic reasons which are not reasonably within the control
17 of the electric utility will prevent the electric utility from meeting
18 the goal for energy savings established pursuant to subsection 1.

19 3. Upon establishment or modification by the Commission of a
20 goal for energy savings for an electric utility pursuant to this
21 section, the affected electric utility may file an amendment to its
22 most recent resource plan filed pursuant to NRS 704.741 to
23 incorporate the goal for energy savings into the resource plan.

24 4. Each electric utility shall develop and include in its most
25 recent resource plan filed pursuant to NRS 704.741 an energy
26 efficiency plan that:

27 (a) Is designed to meet or exceed the goals for energy savings
28 established by the Commission pursuant to this section;

29 (b) Includes one or more energy efficiency programs; and

30 (c) Is cost effective.

31 5. In approving an energy efficiency plan developed by an
32 electric utility to meet the goals for energy savings established by
33 the Commission pursuant to this section, the Commission shall
34 approve an energy efficiency plan that is:

35 (a) Designed to meet or exceed the goals for energy savings
36 established by the Commission pursuant to this section; and

37 (b) Cost effective.

38 6. The Commission may approve an energy efficiency plan
39 submitted pursuant to NRS 704.741 that consists of energy
40 efficiency and conservation programs that are not cost effective if
41 the Commission determines that the energy efficiency plan as a
42 whole is cost effective.

43 7. Unless the Commission determines that it is not cost
44 effective, any energy efficiency plan approved by the Commission
45 must provide that not less than 10 percent of the total expenditures



1 related to energy efficiency programs must be spent on energy
2 efficiency *measures and beneficial electrification* measures for
3 customers of the electric utility in low-income households and
4 residential customers and public schools in historically underserved
5 communities, through both targeted programs and programs directed
6 at residential customers and public schools in general. For the
7 purposes of this subsection, programs that can offer variable
8 incentive levels must offer higher incentive levels for low-income
9 households.

10 **Sec. 11.** 1. This section becomes effective upon passage and
11 approval.

12 2. Sections 1 to 10, inclusive, of this act become effective:

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

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

