

SENATE BILL NO. 356—SENATOR LANGE

MARCH 22, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions relating to electric utilities. (BDR 58-865)

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; authorizing energy efficiency and conservation plans filed by an electric utility with the Public Utilities Commission of Nevada to include measures to reduce greenhouse gas emissions; establishing factors for the Commission to consider when deciding whether to accept or modify such programs; authorizing the plan which an electric utility is required to develop to meet or exceed its goals for energy savings to include measures to reduce greenhouse gas emissions; revising provisions requiring the Commission to adopt certain regulations; 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 requires the integrated resource plan to include certain
5 components, including, without limitation: (1) an energy efficiency program for
6 residential customers that is designed to reduce energy consumption by such
7 customers; and (2) a proposal for the expenditure of not less than 10 percent of the
8 total expenditures related to such energy efficiency and conservation programs on
9 energy efficiency measures for customers of the electric utility in low-income
10 households and residential customers and public schools in historically underserved
11 communities. (NRS 704.741) **Sections 2 and 3** of this bill authorize such programs
12 to include measures designed to reduce greenhouse gas emissions and refer to such
13 programs as energy efficiency and greenhouse gas reduction programs. **Section 4**
14 of this bill establishes the standard the Commission is required to use in considering
15 whether to approve or modify an energy efficiency and greenhouse gas reduction
16 plan.



17 Existing law requires that, as a whole, the benefits including, without
18 limitation, non-energy benefits, of an energy efficiency and conservation program
19 exceed the costs of such a program. (NRS 704.7364, 704.751) **Sections 1 and 5** of
20 this bill make a conforming change to apply this requirement to an energy
21 efficiency and greenhouse gas reduction program.

22 Existing law requires the Commission to establish goals for energy savings for
23 each electric utility for each calendar year and also requires each electric utility to
24 develop and include in its most recent integrated resource plan an energy efficiency
25 plan which is cost effective and designed to meet the goals for energy savings
26 established by the Commission. (NRS 704.741, 704.7836) Existing law requires an
27 energy efficiency plan approved by the Commission to be designed in a manner
28 reasonably calculated to ensure that not less than 10 percent of the energy savings
29 resulting from the plan are realized by customers of the electric utility in low-
30 income households and residential customers and public schools in historically
31 underserved communities. (NRS 704.7836) **Sections 6-10** of this bill authorize
32 such a plan to include measures to reduce greenhouse gas emissions and refer to
33 such plans as energy efficiency and greenhouse gas reduction plans. **Section 9** of
34 this bill makes a conforming change to impose the cost effectiveness requirements
35 under existing law to such plans.

36 Existing law requires the Commission to adopt regulations authorizing an
37 electric utility to recover certain amounts related to the implementation of energy
38 efficiency and conservation programs. (NRS 704.785) **Section 11** of this bill
39 revises these provisions to require the Commission to adopt regulations authorizing
40 an electric utility to recover an amount based on all costs of developing and
41 implementing energy efficiency and greenhouse gas reduction programs approved
42 by the Commission.

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

1 **Section 1.** NRS 704.7364 is hereby amended to read as
2 follows:

3 704.7364 “Cost effective” means an energy efficiency *and*
4 *greenhouse gas reduction* plan or energy efficiency *and*
5 *greenhouse gas reduction* program has a benefit-cost ratio of 1.0 or
6 greater as determined by the Commission, using a test of the cost
7 effectiveness of the plan or program that:

- 8 1. Is selected by the Commission; and
- 9 2. Accounts for any non-energy benefits of the plan or
10 program.

11 **Sec. 2.** NRS 704.7366 is hereby amended to read as follows:

12 704.7366 1. “Energy efficiency and ~~conservation~~
13 *greenhouse gas reduction* program” means a program designed,
14 intended or used to ~~improve~~:

15 (a) *Improve* energy efficiency by reducing the energy
16 consumption by a retail customer of a utility which supplies
17 electricity in this State ~~[-]; or~~

18 (b) *Reduce greenhouse gas emissions relative to emissions that*
19 *would have been produced to serve the energy, reliability and*



1 *resource adequacy needs of customers before the application of*
2 *the program.*

3 2. The term includes, without limitation ~~[, a]~~:

4 (a) A demand-side response program or load-limiting program
5 that shifts the consumption of energy by a retail customer from one
6 period to another period ~~[,]~~; and

7 (b) *Programs designed, intended or used to meet the resource*
8 *adequacy and reliability needs of retail customers while reducing*
9 *greenhouse gas emissions.*

10 ~~[3. The term does not include the implementation or~~
11 ~~assessment of any rate which is based on the time of day, day of the~~
12 ~~week or time of year during which electricity is used or which~~
13 ~~otherwise varies based upon the time during which the electricity is~~
14 ~~used.]~~

15 **Sec. 3.** NRS 704.741 is hereby amended to read as follows:

16 704.741 1. A utility which supplies electricity in this State
17 shall, on or before June 1 of every third year, in the manner
18 specified by the Commission, submit a plan to increase its supply of
19 electricity or decrease the demands made on its system by its
20 customers to the Commission. Two or more utilities that are
21 affiliated through common ownership and that have an
22 interconnected system for the transmission of electricity shall
23 submit a joint plan.

24 2. The Commission shall, by regulation:

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

28 (1) Forecast the future demands, except that a forecast of the
29 future retail electric demands of the utility or utilities must not
30 include the amount of energy and capacity proposed pursuant to
31 subsection 5 as annual limits on the total amount of energy and
32 capacity that eligible customers may be authorized to purchase from
33 providers of new electric resources through transactions approved
34 by the Commission pursuant to an application submitted pursuant to
35 NRS 704B.310 on or after May 16, 2019; and

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

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

40 3. The Commission shall require the utility or utilities to
41 include in the plan:

42 (a) An energy efficiency *and greenhouse gas reduction*
43 program for residential customers which reduces ~~[the]~~:



1 (1) *The* consumption of electricity or any fossil fuel and
2 which includes, without limitation, the use of new solar thermal
3 energy sources ~~H~~; *or*

4 (2) *Greenhouse gas emissions while still serving the energy,*
5 *reliability and resource adequacy needs of residential customers.*

6 (b) A proposal for the expenditure of not less than 10 percent of
7 the total expenditures related to energy efficiency and
8 ~~conservation~~ *greenhouse gas reduction* programs on energy
9 efficiency measures for customers of the electric utility in low-
10 income households and residential customers and public schools in
11 historically underserved communities, through both targeted
12 programs and programs directed at residential customers and public
13 schools in general.

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

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

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

23 (3) If the plan is submitted on or before June 1, 2027, uses
24 sources of supply that result in, by the year 2030, an 80 percent
25 reduction in carbon dioxide emissions from the generation of
26 electricity to meet the demands of customers of the utility as
27 compared to the amount of such emissions in the year 2005.

28 (d) An analysis of the effects of the requirements of NRS
29 704.766 to 704.776, inclusive, on the reliability of the distribution
30 system of the utility or utilities and the costs to the utility or utilities
31 to provide electric service to all customers. The analysis must
32 include an evaluation of the costs and benefits of addressing issues
33 of reliability through investment in the distribution system.

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

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

37 4. The Commission shall require the utility or utilities to
38 include in the plan a distributed resources plan. The distributed
39 resources plan must:

40 (a) Evaluate the locational benefits and costs of distributed
41 resources. This evaluation must be based on reductions or increases
42 in local generation capacity needs, avoided or increased investments
43 in distribution infrastructure, safety benefits, reliability benefits and
44 any other savings the distributed resources provide to the electricity



1 grid for this State or costs to customers of the electric utility or
2 utilities.

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

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

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

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

18 (f) Include a transportation electrification plan as required by
19 NRS 704.7867.

20 5. The Commission shall require the utility or utilities to
21 include in the plan a proposal for annual limits on the total amount
22 of energy and capacity that eligible customers may be authorized to
23 purchase from providers of new electric resources through
24 transactions approved by the Commission pursuant to an application
25 submitted pursuant to NRS 704B.310 on or after May 16, 2019. In
26 developing the proposal and the forecasts in the plan, the utility or
27 utilities must use a sensitivity analysis that, at a minimum, addresses
28 load growth, import capacity, system constraints and the effect of
29 eligible customers purchasing less energy and capacity than
30 authorized by the proposed annual limit. The proposal in the plan
31 must include, without limitation:

32 (a) A forecast of the load growth of the utility or utilities;

33 (b) The number of eligible customers that are currently being
34 served by or anticipated to be served by the utility or utilities;

35 (c) Information concerning the infrastructure of the utility or
36 utilities that is available to accommodate market-based new electric
37 resources;

38 (d) Proposals to ensure the stability of rates and the availability
39 and reliability of electric service; and

40 (e) For each year of the plan, impact fees applicable to each
41 megawatt or each megawatt hour to account for costs reflected in
42 the base tariff general rate and base tariff energy rate paid by end-
43 use customers of the electric utility.



1 6. The annual limits proposed pursuant to subsection 5 shall
2 not apply to energy and capacity sales to an eligible customer if the
3 eligible customer:

4 (a) Was not an end-use customer of the electric utility at any
5 time before June 12, 2019; and

6 (b) Would have a peak load of 10 megawatts or more in the
7 service territory of an electric utility within 2 years of initially
8 taking electric service.

9 7. As used in this section:

10 (a) "Distributed generation system" has the meaning ascribed to
11 it in NRS 701.380.

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

15 (c) "Eligible customer" has the meaning ascribed to it in
16 NRS 704B.080.

17 (d) "Energy" has the meaning ascribed to it in NRS 704B.090.

18 (e) "Historically underserved community" has the meaning
19 ascribed to it in NRS 704.78343.

20 (f) "Low-income household" has the meaning ascribed to it in
21 NRS 704.78347.

22 (g) "New electric resource" has the meaning ascribed to it in
23 NRS 704B.110.

24 (h) "Provider of new electric resources" has the meaning
25 ascribed to it in NRS 704B.130.

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

30 (j) "Sensitivity analysis" means a set of methods or procedures
31 which results in a determination or estimation of the sensitivity of a
32 result to a change in given data or a given assumption.

33 **Sec. 4.** NRS 704.746 is hereby amended to read as follows:

34 704.746 1. After a utility has filed its plan pursuant to NRS
35 704.741, the Commission shall convene a public hearing on the
36 adequacy of the plan.

37 2. The Commission shall determine the parties to the public
38 hearing on the adequacy of the plan. A person or governmental
39 entity may petition the Commission for leave to intervene as a party.
40 The Commission must grant a petition to intervene as a party in the
41 hearing if the person or entity has relevant material evidence to
42 provide concerning the adequacy of the plan. The Commission may
43 limit participation of an intervener in the hearing to avoid
44 duplication and may prohibit continued participation in the hearing
45 by an intervener if the Commission determines that continued



1 participation will unduly broaden the issues, will not provide
2 additional relevant material evidence or is not necessary to further
3 the public interest.

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

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

8 (a) The forecast requirements of the utility or utilities are based
9 on substantially accurate data and an adequate method of
10 forecasting.

11 (b) The plan identifies and takes into account any present and
12 projected reductions in the demand for energy that may result from
13 measures to improve energy efficiency in the industrial,
14 commercial, residential and energy producing sectors of the area
15 being served.

16 (c) The plan adequately demonstrates the economic,
17 environmental and other benefits to this State and to the customers
18 of the utility or utilities associated with the following possible
19 measures and sources of supply:

20 (1) Improvements in energy efficiency;

21 (2) Pooling of power;

22 (3) Purchases of power from neighboring states or countries;

23 (4) Facilities that operate on solar or geothermal energy or
24 wind;

25 (5) Facilities that operate on the principle of cogeneration or
26 hydrogeneration;

27 (6) Other generation facilities; and

28 (7) Other transmission facilities.

29 5. The Commission shall give preference to the measures and
30 sources of supply set forth in paragraph (c) of subsection 4 that:

31 (a) Provide the greatest economic and environmental benefits to
32 the State;

33 (b) Are consistent with the provisions of this section;

34 (c) Provide levels of service that are adequate and reliable;

35 (d) Provide the greatest opportunity for the creation of new jobs
36 in this State; and

37 (e) Provide for diverse electricity supply portfolios and which
38 reduce customer exposure to the price volatility of fossil fuels and
39 the potential costs of carbon.

40 ➤ In considering the measures and sources of supply set forth in
41 paragraph (c) of subsection 4 and determining the preference given
42 to such measures and sources of supply, the Commission shall
43 consider the cost of those measures and sources of supply to the
44 customers of the electric utility or utilities.

45 6. The Commission shall:



1 (a) Adopt regulations which determine the level of preference to
2 be given to those measures and sources of supply; and

3 (b) Consider the value to the public of using water efficiently
4 when it is determining those preferences.

5 7. The Commission shall:

6 (a) Consider the level of financial commitment from developers
7 of renewable energy projects in each renewable energy zone, as
8 designated pursuant to subsection 2 of NRS 704.741; and

9 (b) Adopt regulations establishing a process for considering
10 such commitments including, without limitation, contracts for the
11 sale of energy, leases of land and mineral rights, cash deposits and
12 letters of credit.

13 8. The Commission shall, after a hearing, review and accept or
14 modify an emissions reduction and capacity replacement plan which
15 includes each element required by NRS 704.7316. In considering
16 whether to accept or modify an emissions reduction and capacity
17 replacement plan, the Commission shall consider:

18 (a) The cost to the customers of the electric utility or utilities to
19 implement the plan;

20 (b) Whether the plan provides the greatest economic benefit to
21 this State;

22 (c) Whether the plan provides the greatest opportunities for the
23 creation of new jobs in this State; and

24 (d) Whether the plan represents the best value to the customers
25 of the electric utility or utilities.

26 9. In considering whether to accept or modify a proposal for
27 annual limits on the total amount of energy and capacity that eligible
28 customers may be authorized to purchase from providers of new
29 electric resources through transactions approved by the Commission
30 pursuant to an application submitted pursuant to NRS 704B.310
31 after May 16, 2019, which is included in the plan pursuant to
32 subsection 5 of NRS 704.741, the Commission shall consider
33 whether the proposed annual limits:

34 (a) Further the public interest, including, without limitation,
35 whether the proposed annual limits promote safe, economic,
36 efficient and reliable electric service to all customers of electric
37 service in this State;

38 (b) Align an economically viable utility model with state public
39 policy goals; and

40 (c) Encourage the development and use of renewable energy
41 resources located in this State and, in particular, renewable energy
42 resources that are coupled with energy storage.

43 10. In considering whether to accept or modify a plan to
44 accelerate transportation electrification submitted pursuant to NRS
45 704.7867, the Commission shall consider:



1 (a) Whether the proposed investments, incentives, rate designs,
2 systems and programs are reasonably expected to achieve one or
3 more of the following:

4 (1) Improve the efficiency of the electric utility's electrical
5 system, operational flexibility or system utilization during off-peak
6 hours;

7 (2) Improve the ability of the electric utility to integrate
8 renewable energy resources which generate electricity on an
9 intermittent basis into the transmission and distribution grid;

10 (3) Reduce greenhouse gas emissions and air pollution;

11 (4) Improve air quality in communities most affected by air
12 pollution from the transportation sector;

13 (5) Support increased consumer choice in electric vehicle
14 charging and related infrastructure and services;

15 (6) Increase access to the use of electricity as a transportation
16 fuel by low-income users by including investments, incentives or
17 programs for those users, or for entities operating in communities or
18 at locations that will benefit low-income users;

19 (7) Foster the investment of private capital in transportation
20 electrification, as defined in NRS 704.7867, and the demand for
21 skilled jobs in related services; and

22 (8) Provide information and education on the benefits of
23 transportation electrification to customers.

24 (b) Whether the proposed investments, incentives, rate designs,
25 systems and programs provide electric services and pricing that
26 customers value.

27 (c) Whether the proposed investments, incentives, systems and
28 programs incorporate public reporting requirements which will
29 serve to inform program design and Commission policy.

30 (d) The cost to the customers of the electric utility to implement
31 the plan.

32 ***11. In considering whether to accept or modify an energy***
33 ***efficiency and greenhouse gas reduction plan, the Commission***
34 ***shall consider:***

35 ***(a) Whether the proposed investments, incentives, rate designs,***
36 ***systems and programs are reasonably expected to achieve one or***
37 ***more of the following:***

38 ***(1) Provide opportunities to utilize funding provided by***
39 ***other sources including, without limitation, the Nevada Clean***
40 ***Energy Fund established pursuant to NRS 701B.985 and the***
41 ***Federal Government;***

42 ***(2) Improve the efficiency of the electric utility's electrical***
43 ***system, operational flexibility or system utilization during off-peak***
44 ***hours;***



1 (3) *Improve the ability of the electric utility to integrate*
2 *renewable energy resources which generate electricity on an*
3 *intermittent basis into the transmission and distribution grid;*

4 (4) *Reduce greenhouse gas emissions and air pollution;*

5 (5) *Reduce energy consumption by low-income users by*
6 *including investments, incentives or programs for those users, or*
7 *for entities operating in communities or at locations that will*
8 *benefit low-income users; and*

9 (6) *Provide information and education on the benefits of*
10 *reducing energy consumption and greenhouse gas emissions.*

11 (b) *Whether the proposed investments, incentives, rate designs,*
12 *systems and programs provide electric services and pricing that*
13 *customers value.*

14 (c) *Whether the proposed investments, incentives, systems and*
15 *programs incorporate public reporting requirements which will*
16 *serve to inform program design and Commission policy.*

17 (d) *The cost to the customers of the electric utility to*
18 *implement the plan.*

19 **Sec. 5.** NRS 704.751 is hereby amended to read as follows:

20 704.751 1. After a utility has filed the plan required pursuant
21 to NRS 704.741, the Commission shall issue an order accepting or
22 modifying the plan or specifying any portions of the plan it deems to
23 be inadequate:

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

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

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

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

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

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

44 ↪ If the Commission issues an order modifying the amendment, the
45 utility or utilities may consent to or reject some or all of the



1 modifications by filing with the Commission a notice to that effect.
2 Any such notice must be filed not later than 30 days after the date of
3 issuance of the order. If such a notice is filed, any petition for
4 reconsideration or rehearing of the order must be filed with the
5 Commission not later than 10 business days after the date the notice
6 is filed.

7 3. Any order issued by the Commission accepting or modifying
8 a plan required pursuant to NRS 704.741 or an amendment to such a
9 plan must include the justification of the Commission for the
10 preferences given pursuant to subsection 5 of NRS 704.746 to the
11 measures and sources of supply set forth in paragraph (c) of
12 subsection 4 of NRS 704.746.

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

17 5. The Commission may accept an energy efficiency *and*
18 *greenhouse gas reduction* plan containing ~~[an]~~ energy efficiency
19 ~~[program]~~ *and greenhouse gas reduction programs* submitted
20 pursuant to ~~[paragraph]~~ *paragraphs* (a) *and* (b) of subsection 3 of
21 NRS 704.741 ~~[and energy efficiency and conservation programs~~
22 ~~submitted pursuant to paragraph (b) of subsection 3 of NRS~~
23 ~~704.741]~~ that are not cost effective if the energy efficiency *and*
24 *greenhouse gas reduction* plan as a whole is cost effective. Any
25 order issued by the Commission accepting or modifying an energy
26 efficiency *and greenhouse gas reduction* plan or an amendment to
27 such a plan must, if the energy efficiency *and greenhouse gas*
28 *reduction* plan remains cost effective, require that not less than 10
29 percent of the total expenditures of the utility or utilities on
30 approved energy efficiency and ~~[conservation]~~ *greenhouse gas*
31 *reduction* programs in the energy efficiency *and greenhouse gas*
32 *reduction* plan must be specifically directed to energy efficiency
33 measures for customers of the utility or utilities in low-income
34 households and residential customers and public schools in
35 historically underserved communities, through both targeted
36 programs and programs directed at residential customers and public
37 schools in general.

38 6. The Commission may accept a distributed resources plan
39 submitted pursuant to subsection 4 of NRS 704.741 if the
40 Commission determines that the plan includes each element
41 required by that subsection.

42 7. Any order issued by the Commission accepting or modifying
43 an element of an emissions reduction and capacity replacement plan
44 must include provisions authorizing the electric utility or utilities to
45 construct or acquire and own electric generating plants necessary to



1 meet the capacity amounts approved in, and carry out the provisions
2 of, the plan. As used in this subsection, “capacity” means an amount
3 of firm electric generating capacity used by the electric utility or
4 utilities for the purpose of preparing a plan filed with the
5 Commission pursuant to NRS 704.736 to 704.754, inclusive.

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

10 9. As used in this section:

11 (a) “Historically underserved community” has the meaning
12 ascribed to it in NRS 704.78343.

13 (b) “Low-income household” has the meaning ascribed to it in
14 NRS 704.78347.

15 **Sec. 6.** NRS 704.7831 is hereby amended to read as follows:

16 704.7831 “Cost effective” means that an energy efficiency *and*
17 *greenhouse gas reduction* plan has a benefit-cost ratio of 1.0 or
18 greater as measured by the cost-effectiveness test selected by the
19 Commission, which test must account for the nonenergy benefits of
20 the energy efficiency *and greenhouse gas reduction* plan.

21 **Sec. 7.** NRS 704.7833 is hereby amended to read as follows:

22 704.7833 ~~[-]~~ “Energy efficiency *and greenhouse gas*
23 *reduction* program” ~~[means a program designed, intended or used to~~
24 ~~improve energy efficiency by reducing the energy consumption by a~~
25 ~~retail customer of an electric utility.~~

26 ~~—2. The term includes, without limitation, a demand side~~
27 ~~response program or load limiting program that shifts the~~
28 ~~consumption of energy by a retail customer from one period to~~
29 ~~another period.~~

30 ~~—3. The term does not include the implementation or assessment~~
31 ~~of any rate which is based on the time of day, day of the week or~~
32 ~~time of year during which electricity is used or which otherwise~~
33 ~~varies based upon the time during which the electricity is used.] *has*~~
34 ~~the meaning ascribed to it in NRS 704.7366.~~

35 **Sec. 8.** NRS 704.7834 is hereby amended to read as follows:

36 704.7834 “Energy savings” means the gross energy savings
37 resulting from energy efficiency measures adopted through the
38 implementation of an energy efficiency *and greenhouse gas*
39 *reduction* program, but does not include net energy savings
40 resulting from energy efficiency measures adopted by retail
41 customers of the electric utility which are not attributable to
42 participation in an energy efficiency *and greenhouse gas reduction*
43 program.

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

45 704.7835 The Legislature hereby finds and declares that:



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

3 2. The State has a responsibility to encourage the maintenance
4 of a reliable and economical supply of energy at a level which is
5 consistent with the protection of the quality of the environment of
6 this State.

7 3. The State and the public have an interest in encouraging
8 electric utilities to promote and take actions toward the conservation
9 of energy and the reduction of the consumption of energy by
10 consumers in this State.

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

14 5. Planning for energy conservation and the future energy
15 needs of this State should include consideration of state, regional
16 and local plans for land use, urban expansion, transportation
17 systems, environmental protection and economic development.

18 6. It is in the interest of this State and the residents of this State
19 that the energy efficiency *and greenhouse gas reduction* plans and
20 programs of electric utilities should maximize the implementation of
21 cost-effective, achievable energy efficiency opportunities.

22 7. The reduction of the consumption of energy by consumers in
23 this State conserves water, reduces carbon dioxide and other
24 emissions and is essential to the economy of this State and to the
25 health, safety and welfare of the residents of this State.

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

27 704.7836 1. The Commission shall establish by regulation
28 for each electric utility goals for energy savings resulting from
29 energy efficiency *and greenhouse gas reduction* programs
30 implemented by the electric utility each year, which must be
31 included in the resource plan filed by the electric utility pursuant to
32 NRS 704.741.

33 2. The Commission may:

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

36 (b) Upon receipt of a petition submitted by an electric utility,
37 temporarily lower a goal for energy savings it has previously
38 established for the electric utility if the electric utility demonstrates
39 that economic reasons which are not reasonably within the control
40 of the electric utility will prevent the electric utility from meeting
41 the goal for energy savings established pursuant to subsection 1.

42 3. Upon establishment or modification by the Commission of a
43 goal for energy savings for an electric utility pursuant to this
44 section, the affected electric utility may file an amendment to its



1 most recent resource plan filed pursuant to NRS 704.741 to
2 incorporate the goal for energy savings into the resource plan.

3 4. Each electric utility shall develop and include in its most
4 recent resource plan filed pursuant to NRS 704.741 an energy
5 efficiency *and greenhouse gas reduction* plan that:

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

8 (b) Includes one or more energy efficiency *and greenhouse gas*
9 programs; and

10 (c) Is cost effective.

11 5. In approving an energy efficiency *and greenhouse gas*
12 *reduction* plan developed by an electric utility to meet the goals for
13 energy savings established by the Commission pursuant to this
14 section, the Commission shall approve an energy efficiency *and*
15 *greenhouse gas reduction* plan that , *in addition to any other*
16 *requirements*, is:

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

19 (b) Cost effective.

20 6. The Commission may approve an energy efficiency *and*
21 *greenhouse gas reduction* plan submitted pursuant to NRS 704.741
22 that consists of energy efficiency and ~~[conservation]~~ *greenhouse*
23 *gas reduction* programs that are not cost effective if the
24 Commission determines that the energy efficiency *and greenhouse*
25 *gas reduction* plan as a whole is cost effective.

26 7. Unless the Commission determines that it is not cost
27 effective, any energy efficiency *and greenhouse gas reduction* plan
28 approved by the Commission must ~~[provide]~~ *be designed in a*
29 *manner reasonably calculated to ensure* that not less than 10
30 percent of the ~~[total expenditures related to]~~ *energy savings*
31 *resulting from the* energy efficiency *and greenhouse gas reduction*
32 programs ~~[must be spent on energy efficiency measures for]~~ *are*
33 *realized by* customers of the electric utility in low-income
34 households and residential customers and public schools in
35 historically underserved communities, through both targeted
36 programs and programs directed at residential customers and public
37 schools in general. For the purposes of this subsection, programs
38 that can offer variable incentive levels must offer higher incentive
39 levels for low-income households.

40 **Sec. 11.** NRS 704.785 is hereby amended to read as follows:

41 704.785 1. The Commission shall adopt regulations
42 authorizing an electric utility to recover an amount based on ~~[the~~
43 ~~measurable and verifiable effects of the implementation by the~~
44 ~~electric utility of]~~ *all costs of developing and implementing* energy
45 efficiency and ~~[conservation]~~ *greenhouse gas reduction* programs



1 approved by the Commission . ~~[, which:]~~ *Regulations adopted*
2 *pursuant to this section must allow each electric utility to earn its*
3 *approved rate of return, as determined in the utility's most recent*
4 *rate case, on all investments and costs to implement the approved*
5 *energy efficiency and greenhouse gas reduction programs based*
6 *on measurable and verifiable results and:*

7 (a) Must include:

8 (1) The costs reasonably incurred by the electric utility in
9 implementing and administering the energy efficiency and
10 ~~[conservation]~~ *greenhouse gas reduction* programs; and

11 (2) Any financial disincentives relating to other supply
12 alternatives caused or created by the reasonable implementation of
13 the energy efficiency and ~~[conservation]~~ *greenhouse gas reduction*
14 programs; and

15 (b) May, if the Commission determines that it will serve the
16 public interest by removing financial disincentives which discourage
17 an electric utility from implementing or promoting the participation
18 of the customers of the electric utility in energy efficiency and
19 ~~[conservation]~~ *greenhouse gas reduction* programs, include a rate
20 adjustment mechanism to ensure that the revenue per customer
21 authorized in a general rate application is recovered without regard
22 to the difference in the quantity of electricity actually sold by the
23 electric utility subsequent to the date on which the rates take effect.
24 A rate adjustment mechanism adopted pursuant to this paragraph
25 may apply to one or more rate classes.

26 2. When considering whether to approve an energy efficiency
27 or ~~[conservation]~~ *greenhouse gas reduction* program proposed by
28 an electric utility as part of a plan filed pursuant to NRS 704.741,
29 the Commission shall consider the effect of any recovery by the
30 electric utility pursuant to this section on the rates of the customers
31 of the electric utility.

32 3. As used in this section, "electric utility" has the meaning
33 ascribed to it in NRS 704.187.

34 **Sec. 12.** 1. This section becomes effective upon passage and
35 approval.

36 2. Sections 1 to 11, inclusive, of this act become effective:

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

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

