

Proposed Amendment to SB 356

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On behalf of NV Energy
April 11, 2023

Amendment Summary:

Revises provisions relating to electric utilities.

Proposed Amendment:

[INSERT PROPOSED AMENDMENT LANGUAGE]

or

[ATTACH COPY OF PROPOSED AMENDMENT]

EXPLANATION: Matter in (1) *bold blue italics* is new language in the original bill; (2) variations of green bold underlining is new 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.

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

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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:

Existing law requires each electric utility to submit to the Public Utilities Commission of Nevada every 3 years an integrated resource plan to increase the utility’s supply of electricity or decrease the demands made on its system by its customers. Existing law requires the integrated resource plan to include certain components, including, without limitation: (1) an energy efficiency and conservation program for residential customers that is designed to reduce energy consumption by such customers; ~~and~~ (2) a proposal for the expenditure of not less than 10 percent of the total expenditures related to such energy efficiency and conservation programs on energy efficiency measures for customers of the electric utility in low-income households and residential customers and public schools in historically underserved communities; and (3) a distributed resources plan. (NRS 704.741) **Sections 2 and 3** of this bill authorize such programs to include measures designed to reduce greenhouse gas emissions and improve grid operations and reliability ~~and refer to such programs as energy efficiency and greenhouse gas reduction programs~~ and

enhance energy equity initiatives by focusing program targets on energy savings benefits to low income customers and historically underserved communities on energy savings instead of program expenditures. Section 3 also ensures that an electric utility proposes, as a part of its distributed resource plan, investments to facilitate the deployment of utility-owned distributed resources for the benefit of residential and commercial customers and expands the electric utility's evaluation of distributed resources to include considerations related to benefits to historically underserved communities. Section 4 of this bill establishes the standard the Commission is required to use in considering whether to approve or modify an energy efficiency ~~and greenhouse gas reduction~~ plan. Existing law requires that, as a whole, the benefits including, without limitation, non-energy benefits, of an energy efficiency and conservation program exceed the costs of such a program. (NRS 704.7364, 704.751) Sections 1 and 56, 8 and 10 of this bill make ~~a~~ conforming changes to focus energy efficiency and conservation program targets on energy savings to low income customers and historically underserved communities instead of program expenditures and align the expanded definitions of energy efficiency and energy savings. ~~apply this requirement to an energy efficiency and greenhouse gas reduction program. Existing law requires the Commission to establish goals for energy savings for each electric utility for each calendar year and also requires each electric utility to develop and include in its most recent integrated resource plan an energy efficiency plan which is cost effective and designed to meet the goals for energy savings established by the Commission. (NRS 704.741, 704.7836) Existing law requires an energy efficiency plan approved by the Commission to be designed in a manner reasonably calculated to ensure that not less than 10 percent of the energy savings resulting from the plan are realized by customers of the electric utility in low income households and residential customers and public schools in historically underserved communities. (NRS 704.7836) Sections 6-10 of this bill authorize such a plan to include measures to reduce greenhouse gas emissions and refer to such plans as energy efficiency and greenhouse gas reduction plans.~~ Section 9 of this bill revises certain findings of the Legislature relating to energy conservation and energy efficiency to incorporate certain provisions of federal law related to energy efficiency. ~~makes a conforming change to impose the cost effectiveness requirements under existing law to such plans.~~ Existing law requires the Commission to adopt regulations authorizing an electric utility to recover certain amounts related to the implementation of energy efficiency and conservation programs. (NRS 704.785) Section 11 of this bill revises these provisions to require the Commission to adopt regulations

authorizing an electric utility to recover an amount based on all costs of developing and implementing energy efficiency ~~and greenhouse gas reduction~~ **and conservation** programs approved by the Commission. Existing law requires an electric utility to file a transportation electrification plan as a part of its distributed resources plan.

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

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

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

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

program.

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

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

(a) Improve energy efficiency by reducing the energy consumption by a retail customer of a utility which supplies electricity in this State ~~+~~; ~~or~~ and

(b) Reduce greenhouse gas emissions relative to emissions that would have been produced to serve the energy, reliability and resource adequacy needs of retail customers before the application of the program.

2. The term includes, without limitation ~~+~~ :

(a) A ~~demand-side response~~ or conservation voltage reduction program ~~or load-limiting program that shifts the consumption of energy by a retail customer from one period to another period~~ ~~+~~; and

(b) Programs designed, ~~intended or used to meet the resource adequacy and reliability needs of retail customers while reducing greenhouse gas emissions~~ to improve the operational efficiency and reliability of the electrical grid.

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

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

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

2. The Commission shall, by regulation:

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

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

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

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

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

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

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

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

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

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

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

(2) Includes the deployment of distributed resources ~~generation~~;
and

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

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

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

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

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

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

This evaluation may also consider benefits to customers residing in historically underserved communities.

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

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

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

(e) Identify barriers to the deployment of distributed resources, including, without limitation, safety standards related to technology or operation of the distribution system in a manner that ensures reliable service **and barriers to deployment in historically underserved**

communities.

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

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

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

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

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

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

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

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

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

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

7. As used in this section:

(a) “Conservation voltage reduction” means the intentional operation of the transmission and distribution system to provide customer voltages in the lower end of the acceptable range, with the goal of achieving energy and demand reductions for customers or the utility.

(b) “Demand response” means methods designed to reduce or build load in order to improve the operational efficiency of the grid, better integrate renewable energy, and/or reduce the cost to serve customers. It includes, without limitation, direct control of

customer end-use loads by the utility using automation technology, use of pricing signals including time varying or dynamic rates to change load shapes, and/or use of customer messaging with related education, incentives, or emergency notifications to induce customer behavior that changes load shapes.

(c) “Distributed energy storage” means a facility or system for storing electric or thermal energy that is in close proximity to the place where the energy is consumed.

~~(da)~~ “Distributed generation system” has the meaning ascribed to it in NRS 701.380—means a facility or system for the generation of electricity that is in close proximity to the place where the electricity is consumed that uses renewable energy as defined in NRS 704.7811 to generate electricity and that may be owned by the utility, a customer of the utility, or a third-party.

~~(db)~~ “Distributed resources” means distributed generation systems, energy efficiency, distributed energy storage, electric vehicles and demand-response ~~technologies, which may be located on the utility side or the customer side of the meter of a utility customer.~~

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

~~(dd)~~ “Energy” has the meaning ascribed to it in NRS 704B.090—means electrical, mechanical and thermal energy.

(h) “Energy efficiency” means technology, education, or behavioral measures that reduce the energy consumption of an end-use load, building, or energy consuming process or service without reducing unit output, comfort, or service levels. This includes measures which reduce the consumption of electricity or any fossil fuel and which include, without limitation, the use of new solar energy sources.

~~(ie)~~ “Historically underserved community” has the meaning ascribed to it in NRS 704.78343.

~~(if)~~ “Low-income household” has the meaning ascribed to it in NRS 704.78347.

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

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

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

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

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

704.746 1. After a utility has filed its plan pursuant to NR704.741, the Commission shall convene a public hearing on the adequacy of the plan.

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

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

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

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

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

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

(1) Improvements in energy efficiency;

(2) Pooling of power;

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

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

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

(6) Other generation facilities; and

(7) Other transmission facilities.

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

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

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

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

(d) Provide the greatest opportunity for the creation of new jobs in

this State; and

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

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

6. The Commission shall:

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

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

7. The Commission shall:

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

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

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

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

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

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

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

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

(a) Further the public interest, including, without limitation, whether the proposed annual limits promote safe, economic, efficient

and reliable electric service to all customers of electric service in this State;

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

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

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

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

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

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

(3) Reduce greenhouse gas emissions and air pollution;

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

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

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

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

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

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

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

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

11. In considering whether to accept or modify an energy efficiency and conservation and ~~greenhouse gas reduction~~ plan, the Commission shall consider:

(a) Whether the proposed investments, incentives, rate designs,

systems and programs are reasonably expected to achieve one or more of the following:

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

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

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

(4) Reduce greenhouse gas emissions and air pollution;

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

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

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

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

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

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

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

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

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

⇒ If the Commission issues an order modifying the plan, the utility or utilities 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. If such a notice is filed, any petition for reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice is filed.

2. If a 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:

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

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

⇒ If the Commission issues an order modifying the amendment, the utility or utilities 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. If such a notice is filed, any petition for reconsideration or rehearing of the order must be filed with the Commission not later than 10 business days after the date the notice is filed.

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

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

5. The Commission may accept an energy efficiency ~~and greenhouse gas reduction~~ plan containing [an] energy efficiency and conservation [program] ~~and greenhouse gas reduction programs~~ submitted pursuant to ~~[paragraph]~~ paragraphs (a) ~~and (b)~~ of subsection 3 of NRS 704.741 ~~[and energy efficiency and conservation programs submitted pursuant to paragraph (b) of subsection 3 of NRS 704.741]~~ that are not cost effective if the energy efficiency ~~and greenhouse gas reduction~~ plan as a whole is cost effective. Any order issued by the Commission accepting or modifying an energy efficiency ~~and greenhouse gas reduction~~ plan or an amendment to such a plan must, if the energy efficiency ~~and greenhouse gas reduction~~ plan remains cost effective, require that the portfolio of programs be designed in a manner reasonably calculated to ensure that not less than 10 percent of the energy savings resulting from ~~total expenditures of the utility or utilities on~~ approved energy efficiency and [conservation] ~~greenhouse gas reduction~~ programs in the energy efficiency ~~and greenhouse gas reduction~~ plan ~~must be specifically directed to energy efficiency measures for~~ are realized by customers of the utility or utilities in low-income households and residential customers and public schools in historically underserved communities, through both targeted programs and programs directed

at residential customers and public schools in general.

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

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

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

9. As used in this section:

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

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

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

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

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

704.7833 [1.] “Energy efficiency ~~and greenhouse gas reduction~~ program”

~~means a program designed, intended or used to improve energy efficiency by reducing the energy consumption by a retail customer of an electric utility.~~

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

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

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

704.7834 “Energy savings” means the ~~gross energy savings~~

total amount of fossil fuel energy avoided considering the hourly carbon intensity of energy resources across time and location plus the total amount of avoided renewable energy curtailment, resulting from energy efficiency and conservation programs adopted through the implementation of an energy efficiency ~~and greenhouse gas reduction~~ program or portfolio of programs. ~~It~~ ~~but~~ does not include ~~not~~ any energy savings resulting from ~~energy efficiency~~ measures adopted by retail customers of the electric utility which are not attributable to participation in an energy efficiency ~~and greenhouse gas reduction~~ and conservation program.

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

704.7835 The Legislature hereby finds and declares that:

1. Energy is essential to the economy of this State and to the health, safety and welfare of the residents of this State.
2. The State has a responsibility to encourage the maintenance of a reliable and economical supply of energy at a level which is consistent with the protection of the quality of the environment of this State.
3. The State and the public have an interest in encouraging electric utilities to promote and take actions toward the conservation of energy and the reduction of the consumption of energy by consumers in this State.
4. The State has a responsibility to encourage the development of a wide range of standards, goals and programs to reduce energy waste by consumers in this State.
5. Planning for energy conservation and the future energy needs of this State should include consideration of state, regional and local plans for land use, urban expansion, transportation systems, environmental protection and economic development.
6. It is in the interest of this State and the residents of this State that the energy efficiency and conservation ~~and greenhouse gas reduction~~ plans and programs of electric utilities should maximize the implementation of cost-effective, achievable energy efficiency opportunities.
7. The reduction of the consumption of energy by consumers in this State conserves water, reduces carbon dioxide and other emissions and is essential to the economy of this State and to the health, safety and welfare of the residents of this State.

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

(a) Section 13301, Extension, Increase and Modifications of

Nonbusiness Energy Property Credit;

(b) Section 13302, Residential Clean Energy Credit;

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

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

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

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

(g) Section 60103, Greenhouse Gas Reduction Fund.

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

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

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

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

(d) Section 40551, Weatherization Assistance Program; and

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

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

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

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

2. The Commission may:

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

(b) Upon receipt of a petition submitted by an electric utility, temporarily lower a goal for energy savings it has previously

established for the electric utility if the electric utility demonstrates that economic reasons which are not reasonably within the control of the electric utility will prevent the electric utility from meeting the goal for energy savings established pursuant to subsection 1.

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

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

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

(b) Includes one or more energy efficiency ~~and greenhouse gas~~ programs; and

(c) Is cost effective.

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

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

(b) Cost effective.

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

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

households.

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

704.785 1. The Commission shall adopt regulations authorizing an electric utility to recover an amount based on ~~{the measurable and verifiable effects of the implementation by the electric utility of}~~ the all costs of developing and implementing energy efficiency and [conservation] ~~greenhouse gas reduction~~ programs approved by the Commission . ~~{, which:}~~ *Regulations adopted pursuant to this section must allow each electric utility to earn its authorized approved rate of return, as determined in the utility's most recent rate case, on all investments and costs to implement the approved energy efficiency and greenhouse gas reduction programs based on measurable and verifiable results and:*

(a) Must include:

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

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

(3) Earnings on capital investments included in programs at the electric utility's authorized rate of return as determined in the utility's most recent rate case or higher for strategic or critical facility investments; and

(4) Earnings on energy efficiency and conservation program costs based upon measurable and verifiable results and energy savings goals or program specific targets. Such regulations shall, at a minimum, allow for the electric utility to earn its authorized rate of return on the costs to develop and implement the energy efficiency and conservation program.

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

more rate classes.

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

3. As used in this section, “electric utility” has the meaning ascribed to it in NRS 704.187.

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

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

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

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