
ASSEMBLY BILL NO. 223—ASSEMBLYMEN McCURDY II; BROOKS,
JAUREGUI, MONROE-MORENO, WATKINS AND YEAGER

PREFILED FEBRUARY 13, 2017

JOINT SPONSORS: SENATORS CANNIZZARO AND SEGERBLOM

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to energy efficiency programs. (BDR 58-660)

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 energy efficiency programs; requiring an electric utility to submit to the Public Utilities Commission of Nevada an energy efficiency plan designed to be cost effective; prescribing the contents of such a plan; requiring the Commission to measure the cost effectiveness of an energy efficiency plan through application of the utility cost test; 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 a plan to increase the utility’s supply of
3 electricity or decrease the demands made on its system by its customers. Existing
4 law provides that the plan must include certain components, including, without
5 limitation, an energy efficiency program for residential customers. (NRS 704.741)
6 **Section 7** of this bill revises this requirement to require an electric utility to include
7 in its plan an energy efficiency plan which reduces the consumption of electricity
8 through energy efficiency and conservation programs and which is designed to be
9 cost effective. **Section 8** of this bill authorizes the Commission to accept an energy
10 efficiency plan if it is cost effective, as measured by the utility cost test. **Section 8**
11 further requires any order of the Commission accepting or modifying an energy
12 efficiency plan to require that at least 5 percent of the expenditures relating to
13 energy efficiency and conservation programs be directed toward energy efficiency
14 programs for low-income customers unless such a requirement is not cost effective.



* A B 2 2 3 *

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 to 5, inclusive, of this
3 act.

4 **Sec. 2.** *As used in NRS 704.736 to 704.754, inclusive, and*
5 *sections 2 to 5, inclusive, of this act, unless the context otherwise*
6 *requires, the words and terms defined in sections 3, 4 and 5 of this*
7 *act have the meanings ascribed to them in those sections.*

8 **Sec. 3.** *“Cost effective” means an energy efficiency plan or*
9 *energy efficiency program has a benefit-cost ratio of 1.0 or greater*
10 *as measured by the utility cost test.*

11 **Sec. 4.** 1. *“Energy efficiency and conservation program”*
12 *means a program designed, intended or used to improve energy*
13 *efficiency by reducing the energy consumption by a retail*
14 *customer of a utility which supplies electricity in this State.*

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

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

24 **Sec. 5.** *“Utility cost test” means the measurement of the cost*
25 *effectiveness of an energy efficiency plan or energy efficiency*
26 *program that compares the monetary costs that are borne by an*
27 *electric utility or provider of electric service and that are incurred*
28 *to develop, acquire and operate an energy efficiency program on a*
29 *life-cycle basis to the avoided monetary costs associated with*
30 *developing, acquiring and operating resources to supply electricity*
31 *in the absence of the energy efficiency plan or program.*

32 **Sec. 6.** NRS 704.736 is hereby amended to read as follows:

33 704.736 The application of NRS 704.736 to 704.754, inclusive,
34 *and sections 2 to 5, inclusive, of this act* is limited to any public
35 utility in the business of supplying electricity which has an annual
36 operating revenue in this state of \$2,500,000 or more.

37 **Sec. 7.** NRS 704.741 is hereby amended to read as follows:

38 704.741 1. A utility which supplies electricity in this State
39 shall, on or before July 1 of every third year, in the manner specified
40 by the Commission, submit a plan to increase its supply of
41 electricity or decrease the demands made on its system by its
42 customers to the Commission.



- 1 2. The Commission shall, by regulation:
- 2 (a) Prescribe the contents of such a plan, including, but not
- 3 limited to, the methods or formulas which are used by the utility to:
- 4 (1) Forecast the future demands; and
- 5 (2) Determine the best combination of sources of supply to
- 6 meet the demands or the best method to reduce them; and
- 7 (b) Designate renewable energy zones and revise the designated
- 8 renewable energy zones as the Commission deems necessary.
- 9 3. The Commission shall require the utility to include in its
- 10 plan:
- 11 (a) An energy efficiency ~~{program for residential customers}~~
- 12 *plan which is cost effective and* which reduces the consumption of
- 13 electricity or any fossil fuel *through the implementation of energy*
- 14 *efficiency and conservation programs. The energy efficiency plan*
- 15 *must include, without limitation:*
- 16 (1) *An energy efficiency and conservation program for*
- 17 *residential customers which reduces the consumption of electricity*
- 18 *or any fossil fuel* and which includes, without limitation, the use of
- 19 new solar thermal energy sources ~~+~~; and
- 20 (2) *A proposal for the expenditure of not less than 5 percent*
- 21 *of the total expenditures related to energy efficiency and*
- 22 *conservation programs on energy efficiency and conservation*
- 23 *programs directed to low-income customers of the electric utility.*
- 24 (b) A comparison of a diverse set of scenarios of the best
- 25 combination of sources of supply to meet the demands or the best
- 26 methods to reduce the demands, which must include at least one
- 27 scenario of low carbon intensity that includes the deployment of
- 28 distributed generation.
- 29 (c) An analysis of the effects of the requirements of NRS
- 30 704.766 to 704.775, inclusive, on the reliability of the distribution
- 31 system of the utility and the costs to the utility to provide electric
- 32 service to all customers. The analysis must include an evaluation of
- 33 the costs and benefits of addressing issues of reliability through
- 34 investment in the distribution system.
- 35 (d) A list of the utility's assets described in NRS 704.7338.
- 36 (e) A surplus asset retirement plan as required by NRS 704.734.
- 37 4. The Commission shall require the utility to include in its
- 38 plan a plan for construction or expansion of transmission facilities to
- 39 serve renewable energy zones and to facilitate the utility in meeting
- 40 the portfolio standard established by NRS 704.7821.
- 41 5. As used in this section:
- 42 (a) "Carbon intensity" means the amount of carbon by weight
- 43 emitted per unit of energy consumed.
- 44 (b) "Renewable energy zones" means specific geographic zones
- 45 where renewable energy resources are sufficient to develop



1 generation capacity and where transmission constrains the delivery
2 of electricity from those resources to customers.

3 **Sec. 8.** NRS 704.751 is hereby amended to read as follows:

4 704.751 1. After a utility has filed the plan required pursuant
5 to NRS 704.741, the Commission shall issue an order accepting or
6 modifying the plan or specifying any portions of the plan it deems to
7 be inadequate:

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

11 (b) Within 180 days for all portions of the plan not described in
12 paragraph (a).

13 ➤ If the Commission issues an order modifying the plan, the utility
14 may consent to or reject some or all of the modifications by filing
15 with the Commission a notice to that effect. Any such notice must
16 be filed not later than 30 days after the date of issuance of the order.
17 If such a notice is filed, any petition for reconsideration or rehearing
18 of the order must be filed with the Commission not later than 10
19 business days after the date the notice is filed.

20 2. If a utility files an amendment to a plan, the Commission
21 shall issue an order accepting or modifying the amendment or
22 specifying any portions of the amendment it deems to be
23 inadequate:

24 (a) Within 135 days after the filing of the amendment; or

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

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

35 3. All prudent and reasonable expenditures made to develop
36 the utility's plan, including environmental, engineering and other
37 studies, must be recovered from the rates charged to the utility's
38 customers.

39 4. *The Commission may accept an energy efficiency plan*
40 *submitted pursuant to paragraph (a) of subsection 1 if the*
41 *Commission determines that the plan is cost effective, as measured*
42 *by the utility cost test. Unless the Commission determines that it is*
43 *not cost effective, any order issued by the Commission accepting*
44 *or modifying an energy efficiency plan must provide that not less*
45 *than 5 percent of the total expenditures related to energy*



1 *efficiency and conservation programs must be directed to energy*
2 *efficiency programs for low-income customers of the utility. In*
3 *developing the utility cost test for the purpose of measuring the*
4 *cost effectiveness of energy efficiency and conservation programs*
5 *directed to low-income customers, the Commission shall quantify*
6 *or assign a reasonable value to reductions in working capital,*
7 *reduced collection costs, lower bad debt expense, improved*
8 *effectiveness of customer service and any other appropriate factors*
9 *as utility system economic benefits.*

10 5. The Commission may accept a transmission plan submitted
11 pursuant to subsection 4 of NRS 704.741 for a renewable energy
12 zone if the Commission determines that the construction or
13 expansion of transmission facilities would facilitate the utility
14 meeting the portfolio standard, as defined in NRS 704.7805.

15 ~~16~~ 6. The Commission shall adopt regulations establishing
16 the criteria for determining the adequacy of a transmission plan
17 submitted pursuant to subsection 4 of NRS 704.741.

18 ~~19~~ 7. Any order issued by the Commission accepting or
19 modifying an element of an emissions reduction and capacity
20 replacement plan must include provisions authorizing the electric
21 utility to construct or acquire and own electric generating plants
22 necessary to meet the capacity amounts approved in, and carry out
23 the provisions of, the plan. As used in this subsection, "capacity"
24 means an amount of firm electric generating capacity used by the
25 electric utility for the purpose of preparing a plan filed with the
26 Commission pursuant to NRS 704.736 to 704.754, inclusive ~~1~~ ,
27 *and sections 2 to 5, inclusive, of this act.*

28 **Sec. 9.** This act becomes effective:

- 29 1. Upon passage and approval for the purpose of adopting
30 regulations and performing any other preparatory administrative
31 tasks necessary to carry out the provisions of this act; and
32 2. On July 1, 2017, for all other purposes.



