

ASSEMBLY BILL NO. 223—ASSEMBLYMEN MCCURDY II; BROOKS,  
JAUREGUI, MONROE-MORENO, TOLLES, 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 integrated resource plan filed by an electric utility with the Public Utilities Commission of Nevada to include a proposal for the expenditure of certain amounts on energy efficiency and conservation programs directed to low-income customers of the electric utility; revising provisions relating to the approval by the Commission of certain energy efficiency and conservation programs; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law requires each electric utility to submit to the Public Utilities  
2 Commission of Nevada every 3 years an integrated resource plan to increase the  
3 utility’s supply of electricity or decrease the demands made on its system by its  
4 customers. Existing law provides that the integrated resource plan must include  
5 certain components, including, without limitation, an energy efficiency program for  
6 residential customers. (NRS 704.741) **Section 7** of this bill revises this requirement  
7 to require an electric utility to include in its integrated resource plan a proposal for  
8 the expenditure of not less than 5 percent of the total expenditures related to energy  
9 efficiency and conservation programs on programs directed to low-income  
10 customers of the electric utility. **Section 8** of this bill authorizes the Commission to  
11 accept an energy efficiency plan that consists of energy efficiency programs and  
12 energy efficiency and conservation programs that are not cost effective if the  
13 energy efficiency plan as a whole is cost effective according to the definition of



\* A B 2 2 3 R 2 \*

14 “cost effective” set forth in **section 3** of this bill. **Section 8** further requires, as long  
15 as an energy efficiency plan remains cost effective, that any order of the  
16 Commission accepting or modifying an energy efficiency plan or an amendment to  
17 such a plan to require that at least 5 percent of the expenditures of the utility on  
18 approved energy efficiency and conservation programs in the energy efficiency  
19 plan be specifically directed toward energy efficiency programs for low-income  
20 customers.

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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 determined by the Commission, using a test of the cost*  
11 *effectiveness of the plan or program that:*

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

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

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

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

28 **Sec. 5.** (Deleted by amendment.)

29 **Sec. 6.** NRS 704.736 is hereby amended to read as follows:  
30 704.736 The application of NRS 704.736 to 704.754, inclusive,  
31 *and sections 2 to 5, inclusive, of this act* is limited to any public  
32 utility in the business of supplying electricity which has an annual  
33 operating revenue in this state of \$2,500,000 or more.



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

2 704.741 1. A utility which supplies electricity in this State  
3 shall, on or before July 1 of every third year, in the manner specified  
4 by the Commission, submit a plan to increase its supply of  
5 electricity or decrease the demands made on its system by its  
6 customers to the Commission.

7 2. The Commission shall, by regulation:

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

10 (1) Forecast the future demands; and

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

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

15 3. The Commission shall require the utility to include in its  
16 plan:

17 (a) An energy efficiency program for residential customers  
18 which reduces the consumption of electricity or any fossil fuel and  
19 which includes, without limitation, the use of new solar thermal  
20 energy sources.

21 *(b) A proposal for the expenditure of not less than 5 percent of*  
22 *the total expenditures related to energy efficiency and*  
23 *conservation programs on energy efficiency and conservation*  
24 *programs directed to low-income customers of the electric utility.*

25 ~~(b)~~ (c) A comparison of a diverse set of scenarios of the best  
26 combination of sources of supply to meet the demands or the best  
27 methods to reduce the demands, which must include at least one  
28 scenario of low carbon intensity that includes the deployment of  
29 distributed generation.

30 ~~(e)~~ (d) An analysis of the effects of the requirements of NRS  
31 704.766 to 704.775, inclusive, on the reliability of the distribution  
32 system of the utility and the costs to the utility to provide electric  
33 service to all customers. The analysis must include an evaluation of  
34 the costs and benefits of addressing issues of reliability through  
35 investment in the distribution system.

36 ~~(d)~~ (e) A list of the utility's assets described in NRS 704.7338.

37 ~~(e)~~ (f) A surplus asset retirement plan as required by  
38 NRS 704.734.

39 4. The Commission shall require the utility to include in its  
40 plan a plan for construction or expansion of transmission facilities to  
41 serve renewable energy zones and to facilitate the utility in meeting  
42 the portfolio standard established by NRS 704.7821.

43 5. As used in this section:

44 (a) "Carbon intensity" means the amount of carbon by weight  
45 emitted per unit of energy consumed.



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

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

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

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

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

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

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

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

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

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

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

41 4. *The Commission may accept an energy efficiency plan*  
42 *containing an energy efficiency program submitted pursuant to*  
43 *paragraph (a) of subsection 3 of NRS 704.741 and energy*  
44 *efficiency and conservation programs submitted pursuant to*  
45 *paragraph (b) of subsection 3 of NRS 704.741 that are not cost*



1 *effective if the energy efficiency plan as a whole is cost effective.*  
2 *Any order issued by the Commission accepting or modifying an*  
3 *energy efficiency plan or an amendment to such a plan must, if*  
4 *the energy efficiency plan remains cost effective, require that not*  
5 *less than 5 percent of the total expenditures of the utility on*  
6 *approved energy efficiency and conservation programs in the*  
7 *energy efficiency plan must be specifically directed to energy*  
8 *efficiency and conservation programs for low-income customers*  
9 *of the utility.*

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 ~~15~~ 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 ~~16~~ 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 ~~17~~ ,  
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.







