

ASSEMBLY BILL NO. 524—ASSEMBLYMAN WATTS

MAY 26, 2023

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises certain provisions governing electric utilities. (BDR 58-985)

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; revising a definition relating to certain renewable energy facilities; revising provisions governing the submission of general rate applications; revising provisions governing the integrated resource plan submitted triennially by a utility; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires each electric utility to submit to the Public Utilities
2 Commission of Nevada every 3 years an integrated resource plan to increase the
3 utility’s supply of electricity or decrease the demands made on its system by its
4 customers. Existing law provides that the integrated resource plan must include
5 certain components, including, without limitation, a comparison of a diverse set of
6 scenarios of the best combination of sources of supply to meet the demands or the
7 best methods to reduce the demands. (NRS 704.741) **Section 2** of this bill sets forth
8 certain declarations of the Legislature relating to the affordability, availability and
9 reliability of the supply of electricity in this State. **Section 4** of this bill requires the
10 integrated resource plan of an electric utility to include: (1) at least one scenario
11 that provides for the construction or acquisition of energy resources through
12 contract or ownership to be placed into service to close an open position utilizing
13 dedicated energy resources in this State and dedicated energy resources delivered
14 through firm transmission; and (2) for each scenario considered, certain information
15 regarding each energy resource proposed and an evaluation of the impact the
16 implementation of a scenario will have on certain matters. **Section 4** authorizes an
17 electric utility to submit an integrated resource plan more frequently than once
18 every 3 years. **Section 4** requires the Commission to adopt regulations governing
19 the manner in which and circumstances under which an electric utility may file an
20 amendment to its integrated resource plan. **Section 5** of this bill requires an electric
21 utility to schedule a consumer session before filing an integrated resource plan or
22 an amendment to such a plan. **Sections 6 and 7** of this bill make a conforming
23 change to reflect changes in the numbering of subsections in **section 4**.



24 **Section 1** of this bill revises the definition of “facility for the storage of energy
25 from renewable generation.”

26 Existing law requires certain electric utilities to file a general rate application
27 once every 36 months. Existing law prohibits a public utility that has filed a general
28 rate application from filing another general rate application until all pending
29 general rate applications filed by that utility have been decided by the Commission,
30 except under certain circumstances. (NRS 704.110) **Section 3** of this bill authorizes
31 an electric utility to file a general rate application more frequently than once every
32 36 months. **Section 3** provides that an affiliate of a public utility is also prohibited
33 from filing another general rate application until all pending general rate
34 applications filed by that utility have been decided by the Commission.

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

1 **Section 1.** NRS 701A.327 is hereby amended to read as
2 follows:

3 701A.327 1. “Facility for the storage of energy from
4 renewable generation” means a facility that is constructed or
5 installed for the ~~[sole]~~ purpose of storing electric energy received
6 from a facility for the generation of electricity from renewable
7 energy for release at a later time, including, without limitation, a
8 facility that is designed to use energy storage technology.

9 2. The term does not include a facility that is located on a
10 residential property.

11 **Sec. 2.** Chapter 704 of NRS is hereby amended by adding
12 thereto a new section to read as follows:

13 *The Legislature hereby declares that:*

14 1. *Rising energy needs and supply chain issues in the western
15 United States have affected Nevada’s ability to access the energy
16 market to serve Nevada residents during periods of high energy
17 demand.*

18 2. *It is paramount to the health and economic vitality of this
19 State to ensure the affordability, availability and reliability of its
20 electric supply.*

21 3. *An efficient regional energy market and comprehensive
22 resource planning are essential to ensure affordable, safe and
23 reliable electric service for customers of an electric utility from a
24 balanced portfolio of supply and demand options, particularly in
25 light of these challenges.*

26 4. *The integrated resource planning process must enable
27 meaningful participation and robust review of a utility’s proposals
28 by the Commission and stakeholders to ensure the affordability,
29 resiliency and reliability of the state’s electric supply by
30 considering all reasonable measures including, without limitation,*



1 *demand-side management and increasing utility-owned, controlled*
2 *or contracted electric generating capacity.*

3 5. *Increasing access to reliable electric generating capacity*
4 *and procuring the most cost-effective resources supports the*
5 *provision of affordable, resilient and reliable energy services to*
6 *Nevadans and this State should take advantage of federal funding*
7 *and tax benefits that provide additional opportunities.*

8 6. *It continues to be in the interest of this State to invest in a*
9 *portfolio of electric generation supply and demand-side*
10 *management measures that increase energy reliability and reduce*
11 *greenhouse gas emissions consistent with state policy.*

12 7. *It is in the interest of Nevada to reduce electric utilities'*
13 *reliance on market purchases and secure sufficient energy supply*
14 *to protect reliability in a manner that promotes affordability and*
15 *may reduce exposure to price volatility for customers, through*
16 *methods which include dedicated in-state resources and dedicated*
17 *energy resources delivered through firm transmission.*

18 **Sec. 3.** NRS 704.110 is hereby amended to read as follows:

19 704.110 Except as otherwise provided in NRS 704.075,
20 704.68861 to 704.68887, inclusive, and 704.7865, or as may
21 otherwise be provided by the Commission pursuant to NRS
22 704.095, 704.097 or 704.7621:

23 1. If a public utility files with the Commission an application to
24 make changes in any schedule, including, without limitation,
25 changes that will result in a discontinuance, modification or
26 restriction of service, the Commission shall investigate the propriety
27 of the proposed changes to determine whether to approve or
28 disapprove the proposed changes. If an electric utility files such an
29 application and the application is a general rate application or an
30 annual deferred energy accounting adjustment application, the
31 Consumer's Advocate shall be deemed a party of record.

32 2. Except as otherwise provided in subsection 3, if a public
33 utility files with the Commission an application to make changes in
34 any schedule, the Commission shall, not later than 210 days after the
35 date on which the application is filed, issue a written order
36 approving or disapproving, in whole or in part, the proposed
37 changes.

38 3. If a public utility files with the Commission a general rate
39 application, the public utility shall submit with its application a
40 statement showing the recorded results of revenues, expenses,
41 investments and costs of capital for its most recent 12 months for
42 which data were available when the application was prepared.
43 Except as otherwise provided in subsection 4, in determining
44 whether to approve or disapprove any increased rates, the
45 Commission shall consider evidence in support of the increased



1 rates based upon actual recorded results of operations for the same
2 12 months, adjusted for increased revenues, any increased
3 investment in facilities, increased expenses for depreciation, certain
4 other operating expenses as approved by the Commission and
5 changes in the costs of securities which are known and are
6 measurable with reasonable accuracy at the time of filing and which
7 will become effective within 6 months after the last month of those
8 12 months, but the public utility shall not place into effect any
9 increased rates until the changes have been experienced and
10 certified by the public utility to the Commission and the
11 Commission has approved the increased rates. The Commission
12 shall also consider evidence supporting expenses for depreciation,
13 calculated on an annual basis, applicable to major components of the
14 public utility's plant placed into service during the recorded test
15 period or the period for certification as set forth in the application.
16 Adjustments to revenues, operating expenses and costs of securities
17 must be calculated on an annual basis. Within 90 days after the date
18 on which the certification required by this subsection is filed with
19 the Commission, or within the period set forth in subsection 2,
20 whichever time is longer, the Commission shall make such order in
21 reference to the increased rates as is required by this chapter. The
22 following public utilities shall each file a general rate application
23 pursuant to this subsection based on the following schedule:

24 (a) An electric utility that primarily serves less densely
25 populated counties shall file a general rate application:

26 (1) Not later than 5 p.m. on or before the first Monday in
27 June 2019; and

28 (2) ~~{Once}~~ *At least once* every 36 months thereafter or on a
29 date specified in an alternative rate-making plan approved by the
30 Commission pursuant to NRS 704.7621.

31 (b) An electric utility that primarily serves densely populated
32 counties shall file a general rate application:

33 (1) Not later than 5 p.m. on or before the first Monday in
34 June 2020; and

35 (2) ~~{Once}~~ *At least once* every 36 months thereafter or on a
36 date specified in an alternative rate-making plan approved by the
37 Commission pursuant to NRS 704.7621.

38 (c) A public utility that furnishes water for municipal, industrial
39 or domestic purposes or services for the disposal of sewage, or both,
40 which had an annual gross operating revenue of \$2,000,000 or more
41 for at least 1 year during the immediately preceding 3 years and
42 which had not filed a general rate application with the Commission
43 on or after July 1, 2005, shall file a general rate application on or
44 before June 30, 2008, and at least once every 36 months thereafter
45 unless waived by the Commission pursuant to standards adopted by



1 regulation of the Commission. If a public utility furnishes both
2 water and services for the disposal of sewage, its annual gross
3 operating revenue for each service must be considered separately for
4 determining whether the public utility meets the requirements of this
5 paragraph for either service.

6 (d) A public utility that furnishes water for municipal, industrial
7 or domestic purposes or services for the disposal of sewage, or both,
8 which had an annual gross operating revenue of \$2,000,000 or more
9 for at least 1 year during the immediately preceding 3 years and
10 which had filed a general rate application with the Commission on
11 or after July 1, 2005, shall file a general rate application on or before
12 June 30, 2009, and at least once every 36 months thereafter unless
13 waived by the Commission pursuant to standards adopted by
14 regulation of the Commission. If a public utility furnishes both
15 water and services for the disposal of sewage, its annual gross
16 operating revenue for each service must be considered separately for
17 determining whether the public utility meets the requirements of this
18 paragraph for either service.

19 ↪ The Commission shall adopt regulations setting forth standards
20 for waivers pursuant to paragraphs (c) and (d) and for including the
21 costs incurred by the public utility in preparing and presenting the
22 general rate application before the effective date of any change in
23 rates.

24 4. In addition to submitting the statement required pursuant to
25 subsection 3, a public utility may submit with its general rate
26 application a statement showing the effects, on an annualized basis,
27 of all expected changes in circumstances. If such a statement is
28 filed, it must include all increases and decreases in revenue and
29 expenses which may occur within 210 days after the date on which
30 its general rate application is filed with the Commission if such
31 expected changes in circumstances are reasonably known and are
32 measurable with reasonable accuracy. If a public utility submits
33 such a statement, the public utility has the burden of proving that the
34 expected changes in circumstances set forth in the statement are
35 reasonably known and are measurable with reasonable accuracy.
36 The Commission shall consider expected changes in circumstances
37 to be reasonably known and measurable with reasonable accuracy if
38 the expected changes in circumstances consist of specific and
39 identifiable events or programs rather than general trends, patterns
40 or developments, have an objectively high probability of occurring
41 to the degree, in the amount and at the time expected, are primarily
42 measurable by recorded or verifiable revenues and expenses and are
43 easily and objectively calculated, with the calculation of the
44 expected changes relying only secondarily on estimates, forecasts,



1 projections or budgets. If the Commission determines that the public
2 utility has met its burden of proof:

3 (a) The Commission shall consider the statement submitted
4 pursuant to this subsection and evidence relevant to the statement,
5 including all reasonable projected or forecasted offsets in revenue
6 and expenses that are directly attributable to or associated with the
7 expected changes in circumstances under consideration, in addition
8 to the statement required pursuant to subsection 3 as evidence in
9 establishing just and reasonable rates for the public utility; and

10 (b) The public utility is not required to file with the Commission
11 the certification that would otherwise be required pursuant to
12 subsection 3.

13 5. If a public utility files with the Commission an application to
14 make changes in any schedule and the Commission does not issue a
15 final written order regarding the proposed changes within the time
16 required by this section, the proposed changes shall be deemed to be
17 approved by the Commission.

18 6. If a public utility files with the Commission a general rate
19 application, the public utility, *or a public utility affiliated with the*
20 *public utility through common ownership*, shall not file with the
21 Commission another general rate application until all pending
22 general rate applications filed by that public utility have been
23 decided by the Commission unless, after application and hearing,
24 the Commission determines that a substantial financial emergency
25 would exist if the public utility *or its affiliate* is not permitted to file
26 another general rate application sooner. The provisions of this
27 subsection do not prohibit ~~the~~ a public utility from filing with the
28 Commission, while a general rate application is pending, an
29 application to recover the increased cost of purchased fuel,
30 purchased power, or natural gas purchased for resale pursuant to
31 subsection 7, a quarterly rate adjustment pursuant to subsection 8 or
32 10, any information relating to deferred accounting requirements
33 pursuant to NRS 704.185 or an annual deferred energy accounting
34 adjustment application pursuant to NRS 704.187, if the public utility
35 is otherwise authorized to so file by those provisions.

36 7. A public utility may file an application to recover the
37 increased cost of purchased fuel, purchased power, or natural gas
38 purchased for resale once every 30 days. The provisions of this
39 subsection do not apply to:

40 (a) An electric utility which is required to adjust its rates on a
41 quarterly basis pursuant to subsection 10; or

42 (b) A public utility which purchases natural gas for resale and
43 which adjusts its rates on a quarterly basis pursuant to subsection 8.

44 8. A public utility which purchases natural gas for resale must
45 request approval from the Commission to adjust its rates on a



1 quarterly basis between annual rate adjustment applications based
2 on changes in the public utility's recorded costs of natural gas
3 purchased for resale. A public utility which purchases natural gas
4 for resale and which adjusts its rates on a quarterly basis may
5 request approval from the Commission to make quarterly
6 adjustments to its deferred energy accounting adjustment. The
7 Commission shall approve or deny such a request not later than 120
8 days after the application is filed with the Commission. The
9 Commission may approve the request if the Commission finds that
10 approval of the request is in the public interest. If the Commission
11 approves a request to make quarterly adjustments to the deferred
12 energy accounting adjustment of a public utility pursuant to this
13 subsection, any quarterly adjustment to the deferred energy
14 accounting adjustment must not exceed 2.5 cents per therm of
15 natural gas. If the balance of the public utility's deferred account
16 varies by less than 5 percent from the public utility's annual
17 recorded costs of natural gas which are used to calculate quarterly
18 rate adjustments, the deferred energy accounting adjustment must be
19 set to zero cents per therm of natural gas.

20 9. If the Commission approves a request to make any rate
21 adjustments on a quarterly basis pursuant to subsection 8:

22 (a) The public utility shall file written notice with the
23 Commission before the public utility makes a quarterly rate
24 adjustment. A quarterly rate adjustment is not subject to the
25 requirements for notice and a hearing pursuant to NRS 703.320 or
26 the requirements for a consumer session pursuant to subsection 1 of
27 NRS 704.069.

28 (b) The public utility shall provide written notice of each
29 quarterly rate adjustment to its customers by including the written
30 notice with a customer's regular monthly bill or by electronic
31 transmission pursuant to NRS 704.188. The public utility shall
32 begin providing such written notice to its customers not later than 30
33 days after the date on which the public utility files its written notice
34 with the Commission pursuant to paragraph (a). The written notice
35 required by this paragraph:

36 (1) Must be printed separately, if included with the
37 customer's regular monthly bill, or the subject line of the electronic
38 transmission must indicate that notice of a quarterly rate adjustment
39 is included, if provided by electronic transmission pursuant to NRS
40 704.188; and

41 (2) Must include the following in clear and bold text:

42 (I) The total amount of the increase or decrease in the
43 public utility's revenues from the rate adjustment, stated in dollars
44 and as a percentage;



1 (II) The amount of the monthly increase or decrease in
2 charges for each class of customer or class of service, stated in
3 dollars and as a percentage;

4 (III) A statement that customers may send written
5 comments or protests regarding the rate adjustment to the
6 Commission;

7 (IV) A statement that the transactions and recorded costs
8 of natural gas which are the basis for any quarterly rate adjustment
9 will be reviewed for reasonableness and prudence in the next
10 proceeding held by the Commission to review the annual rate
11 adjustment application pursuant to paragraph (d); and

12 (V) Any other information required by the Commission.

13 (c) The public utility shall file an annual rate adjustment
14 application with the Commission. The annual rate adjustment
15 application is subject to the requirements for notice and a hearing
16 pursuant to NRS 703.320 and the requirements for a consumer
17 session pursuant to subsection 1 of NRS 704.069.

18 (d) The proceeding regarding the annual rate adjustment
19 application must include a review of each quarterly rate adjustment
20 and the transactions and recorded costs of natural gas included in
21 each quarterly filing and the annual rate adjustment application.
22 There is no presumption of reasonableness or prudence for any
23 quarterly rate adjustment or for any transactions or recorded costs of
24 natural gas included in any quarterly rate adjustment or the annual
25 rate adjustment application, and the public utility has the burden of
26 proving reasonableness and prudence in the proceeding.

27 (e) The Commission shall not allow the public utility to recover
28 any recorded costs of natural gas which were the result of any
29 practice or transaction that was unreasonable or was undertaken,
30 managed or performed imprudently by the public utility, and the
31 Commission shall order the public utility to adjust its rates if the
32 Commission determines that any recorded costs of natural gas
33 included in any quarterly rate adjustment or the annual rate
34 adjustment application were not reasonable or prudent.

35 10. An electric utility shall adjust its rates on a quarterly basis
36 based on changes in the electric utility's recorded costs of purchased
37 fuel or purchased power. In addition to adjusting its rates on a
38 quarterly basis, an electric utility may request approval from the
39 Commission to make quarterly adjustments to its deferred energy
40 accounting adjustment. The Commission shall approve or deny such
41 a request not later than 120 days after the application is filed with
42 the Commission. The Commission may approve the request if the
43 Commission finds that approval of the request is in the public
44 interest. If the Commission approves a request to make quarterly
45 adjustments to the deferred energy accounting adjustment of an



1 electric utility pursuant to this subsection, any quarterly adjustment
2 to the deferred energy accounting adjustment must not exceed 0.25
3 cents per kilowatt-hour of electricity. If the balance of the electric
4 utility's deferred account varies by less than 5 percent from the
5 electric utility's annual recorded costs for purchased fuel or
6 purchased power which are used to calculate quarterly rate
7 adjustments, the deferred energy accounting adjustment must be set
8 to zero cents per kilowatt-hour of electricity.

9 11. A quarterly rate adjustment filed pursuant to subsection 10
10 is subject to the following requirements:

11 (a) The electric utility shall file written notice with the
12 Commission on or before August 15, 2007, and every quarter
13 thereafter of the quarterly rate adjustment to be made by the electric
14 utility for the following quarter. The first quarterly rate adjustment
15 by the electric utility will take effect on October 1, 2007, and each
16 subsequent quarterly rate adjustment will take effect every quarter
17 thereafter. The first quarterly adjustment to a deferred energy
18 accounting adjustment must be made pursuant to an order issued by
19 the Commission approving the application of an electric utility to
20 make quarterly adjustments to its deferred energy accounting
21 adjustment. A quarterly rate adjustment is not subject to the
22 requirements for notice and a hearing pursuant to NRS 703.320 or
23 the requirements for a consumer session pursuant to subsection 1 of
24 NRS 704.069.

25 (b) The electric utility shall provide written notice of each
26 quarterly rate adjustment to its customers by including the written
27 notice with a customer's regular monthly bill or by electronic
28 submission pursuant to NRS 704.188. The electric utility shall begin
29 providing such written notice to its customers not later than 30 days
30 after the date on which the electric utility files a written notice with
31 the Commission pursuant to paragraph (a). The written notice
32 required by this paragraph:

33 (1) Must be printed separately, if included with the
34 customer's regular monthly bill, or the subject line of the electronic
35 transmission must indicate that notice of a quarterly rate adjustment
36 is included, if provided by electronic transmission pursuant to NRS
37 704.188; and

38 (2) Must include the following in clear and bold text:

39 (I) The total amount of the increase or decrease in the
40 electric utility's revenues from the rate adjustment, stated in dollars
41 and as a percentage;

42 (II) The amount of the monthly increase or decrease in
43 charges for each class of customer or class of service, stated in
44 dollars and as a percentage;



1 (III) A statement that customers may send written
2 comments or protests regarding the rate adjustment to the
3 Commission;

4 (IV) A statement that the transactions and recorded costs
5 of purchased fuel or purchased power which are the basis for any
6 quarterly rate adjustment will be reviewed for reasonableness and
7 prudence in the next proceeding held by the Commission to review
8 the annual deferred energy accounting adjustment application
9 pursuant to paragraph (d); and

10 (V) Any other information required by the Commission.

11 (c) The electric utility shall file an annual deferred energy
12 accounting adjustment application pursuant to NRS 704.187 with
13 the Commission. The annual deferred energy accounting adjustment
14 application is subject to the requirements for notice and a hearing
15 pursuant to NRS 703.320 and the requirements for a consumer
16 session pursuant to subsection 1 of NRS 704.069.

17 (d) The proceeding regarding the annual deferred energy
18 accounting adjustment application must include a review of each
19 quarterly rate adjustment and the transactions and recorded costs of
20 purchased fuel and purchased power included in each quarterly
21 filing and the annual deferred energy accounting adjustment
22 application. There is no presumption of reasonableness or prudence
23 for any quarterly rate adjustment or for any transactions or recorded
24 costs of purchased fuel and purchased power included in any
25 quarterly rate adjustment or the annual deferred energy accounting
26 adjustment application, and the electric utility has the burden of
27 proving reasonableness and prudence in the proceeding.

28 (e) The Commission shall not allow the electric utility to recover
29 any recorded costs of purchased fuel and purchased power which
30 were the result of any practice or transaction that was unreasonable
31 or was undertaken, managed or performed imprudently by the
32 electric utility, and the Commission shall order the electric utility to
33 adjust its rates if the Commission determines that any recorded costs
34 of purchased fuel and purchased power included in any quarterly
35 rate adjustment or the annual deferred energy accounting adjustment
36 application were not reasonable or prudent.

37 12. If an electric utility files an annual deferred energy
38 accounting adjustment application pursuant to subsection 11 and
39 NRS 704.187 while a general rate application is pending, the
40 electric utility shall:

41 (a) Submit with its annual deferred energy accounting
42 adjustment application information relating to the cost of service
43 and rate design; and



1 (b) Supplement its general rate application with the same
2 information, if such information was not submitted with the general
3 rate application.

4 13. A utility facility identified in a 3-year plan submitted
5 pursuant to NRS 704.741 and accepted by the Commission for
6 acquisition or construction pursuant to NRS 704.751 and the
7 regulations adopted pursuant thereto, or the retirement or
8 elimination of a utility facility identified in an emissions reduction
9 and capacity replacement plan submitted pursuant to NRS 704.7316
10 and accepted by the Commission for retirement or elimination
11 pursuant to NRS 704.751 and the regulations adopted pursuant
12 thereto, shall be deemed to be a prudent investment. The utility may
13 recover all just and reasonable costs of planning and constructing, or
14 retiring or eliminating, as applicable, such a facility. For the
15 purposes of this subsection, a plan or an amendment to a plan shall
16 be deemed to be accepted by the Commission only as to that portion
17 of the plan or amendment accepted as filed or modified with the
18 consent of the utility pursuant to NRS 704.751.

19 14. In regard to any rate or schedule approved or disapproved
20 pursuant to this section, the Commission may, after a hearing:

21 (a) Upon the request of the utility, approve a new rate but delay
22 the implementation of that new rate:

23 (1) Until a date determined by the Commission; and

24 (2) Under conditions as determined by the Commission,
25 including, without limitation, a requirement that interest charges be
26 included in the collection of the new rate; and

27 (b) Authorize a utility to implement a reduced rate for low-
28 income residential customers.

29 15. The Commission may, upon request and for good cause
30 shown, permit a public utility which purchases natural gas for resale
31 or an electric utility to make a quarterly adjustment to its deferred
32 energy accounting adjustment in excess of the maximum allowable
33 adjustment pursuant to subsection 8 or 10.

34 16. A public utility which purchases natural gas for resale or an
35 electric utility that makes quarterly adjustments to its deferred
36 energy accounting adjustment pursuant to subsection 8 or 10 may
37 submit to the Commission for approval an application to discontinue
38 making quarterly adjustments to its deferred energy accounting
39 adjustment and to subsequently make annual adjustments to its
40 deferred energy accounting adjustment. The Commission may
41 approve an application submitted pursuant to this subsection if the
42 Commission finds that approval of the application is in the public
43 interest.

44 17. As used in this section:



1 (a) "Deferred energy accounting adjustment" means the rate of a
2 public utility which purchases natural gas for resale or an electric
3 utility that is calculated by dividing the balance of a deferred
4 account during a specified period by the total therms or kilowatt-
5 hours which have been sold in the geographical area to which the
6 rate applies during the specified period, not including kilowatt-hours
7 sold pursuant to an expanded solar access program established
8 pursuant to NRS 704.7865.

9 (b) "Electric utility" has the meaning ascribed to it in
10 NRS 704.187.

11 (c) "Electric utility that primarily serves densely populated
12 counties" means an electric utility that, with regard to the provision
13 of electric service, derives more of its annual gross operating
14 revenue in this State from customers located in counties whose
15 population is 700,000 or more than it does from customers located
16 in counties whose population is less than 700,000.

17 (d) "Electric utility that primarily serves less densely populated
18 counties" means an electric utility that, with regard to the provision
19 of electric service, derives more of its annual gross operating
20 revenue in this State from customers located in counties whose
21 population is less than 700,000 than it does from customers located
22 in counties whose population is 700,000 or more.

23 **Sec. 4.** NRS 704.741 is hereby amended to read as follows:

24 704.741 1. A utility which supplies electricity in this State
25 shall, on or before June 1 of every third year, *or more often if*
26 *necessary*, in the manner specified by the Commission, submit a
27 plan to increase its supply of electricity or decrease the demands
28 made on its system by its customers to the Commission. Two or
29 more utilities that are affiliated through common ownership and that
30 have an interconnected system for the transmission of electricity
31 shall submit a joint plan.

32 2. The Commission shall, by regulation:

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

36 (1) Forecast the future demands, except that a forecast of the
37 future retail electric demands of the utility or utilities must not
38 include the amount of energy and capacity proposed pursuant to
39 subsection ~~5~~ 6 as annual limits on the total amount of energy and
40 capacity that eligible customers may be authorized to purchase from
41 providers of new electric resources through transactions approved
42 by the Commission pursuant to an application submitted pursuant to
43 NRS 704B.310 on or after May 16, 2019; and

44 (2) Determine the best combination of sources of supply to
45 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 ~~H~~ ;
and

(c) Establish requirements governing the manner in which and circumstances under which an amendment may be filed with the Commission to modify an approved plan.

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

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

(b) A proposal for the expenditure of not less than 10 percent of the total expenditures related to 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, 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 ~~fat~~ :

(I) At least one scenario of low carbon dioxide emissions that:

~~fat~~ *(I) 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;*

~~fat~~ *(II) Includes the deployment of distributed generation;*
and

~~fat~~ *(III) 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.*

(2) At least one scenario that provides for the construction or acquisition of energy resources through contract or ownership to be placed into service to close an open position utilizing dedicated energy resources in this State and dedicated energy resources delivered through firm transmission. A significant share of the renewable energy facilities and energy storage systems included in the scenario must be owned by the utility.

↳ A requirement to include a particular scenario in the plan pursuant to this paragraph, or the compliance of a utility with such a requirement, shall not be construed as indicating a



1 *preference by the Commission or the utility for a particular*
2 *scenario.*

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

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

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

12 **4. For each scenario considered pursuant to subsection 3, the**
13 **plan must include, without limitation:**

14 (a) *For each energy resource proposed:*

15 (1) *A description of each energy resource to be constructed,*
16 *acquired or contracted for by the utility, including, without*
17 *limitation, the location of the energy resource, the technology to*
18 *be used by the energy resource to generate electricity, the*
19 *anticipated capacity of the energy resource and the anticipated*
20 *date by which the energy resource will be placed into service;*

21 (2) *The cost of constructing or acquiring, operating and*
22 *maintaining the energy resource or, if the energy resource is*
23 *contracted for by the utility, the price of the energy to be supplied*
24 *by the energy resource;*

25 (3) *Whether the energy resource will be owned by the utility*
26 *or utilized by the utility pursuant to a contract with a third party;*
27 *and*

28 (4) *Any other information required by the Commission to*
29 *evaluate the prudence of the scenario.*

30 (b) *An evaluation of the impact that the implementation of the*
31 *scenario will have on:*

32 (1) *The ability of the utility to decrease its reliance on*
33 *market purchases to meet the utility's open energy load*
34 *requirements, including, without limitation, any appropriate*
35 *reserves, and the forecast of energy needs over the next 10 years;*

36 (2) *The ability of the utility to reliably integrate into its*
37 *supply portfolio larger amounts of electricity from variable energy*
38 *resources, including, without limitation, solar, geothermal,*
39 *hydropower and wind energy resources;*

40 (3) *The ability of the utility to access energy markets or*
41 *geographic locations that have excess capacity to import into this*
42 *State through firm transmission to ensure additional reliability in*
43 *times of increased energy needs;*

44 (4) *The ability of the utility to increase access to carbon-*
45 *free energy, support compliance with the renewable portfolio*



1 *standard and advance the goals for the reduction of greenhouse*
2 *gas emissions set forth in NRS 445B.380 and 704.7820 through a*
3 *balanced portfolio of energy supply and demand-side resources;*

4 (5) *The ability of the utility to demonstrate to a regional*
5 *entity that the utility has adequate resources to meet the forecast*
6 *for energy needs over the next 10 years;*

7 (6) *The ability of the utility to advance cost-effective*
8 *demand-side management;*

9 (7) *The rates charged to the customers of the utility,*
10 *provided that, in implementing the plan, the utility must endeavor*
11 *to mitigate costs for the benefit of customers to the extent possible*
12 *by utilizing federal funding and tax credits available to utilities or*
13 *third parties for the development of electric resources; and*

14 (8) *The benefits from high-quality jobs, job training and*
15 *apprenticeships provided by the projects included in the plan,*
16 *whether constructed or operated by the utility or a third-party*
17 *developer.*

18 [4.] 5. The Commission shall require the utility or utilities to
19 include in the plan a distributed resources plan. The distributed
20 resources plan must:

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

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

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

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

39 (e) Identify barriers to the deployment of distributed resources,
40 including, without limitation, safety standards related to technology
41 or operation of the distribution system in a manner that ensures
42 reliable service.

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



~~5.1~~ 6. 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.

~~6.1~~ 7. The annual limits proposed pursuant to subsection ~~5.1~~ 6 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.

~~7.1~~ 8. As used in this section:

- (a) "Distributed generation system" has the meaning ascribed to it in NRS 701.380.
- (b) "Distributed resources" means distributed generation systems, energy efficiency, energy storage, electric vehicles and demand-response technologies.
- (c) "Eligible customer" has the meaning ascribed to it in NRS 704B.080.
- (d) "Energy" has the meaning ascribed to it in NRS 704B.090.
- (e) "*Energy storage system*" has the meaning ascribed to it in *NRS 704.793*.
- (f) "Historically underserved community" has the meaning ascribed to it in NRS 704.78343.



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

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

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

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

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

15 **Sec. 5.** NRS 704.744 is hereby amended to read as follows:

16 704.744 1. The Commission shall require each utility which
17 supplies electricity in this State, not less than 4 months before filing
18 a plan required pursuant to NRS 704.741, or within a reasonable
19 period before filing an amendment to such a plan ~~pursuant to NRS~~
20 ~~704.751,~~ *in accordance with the regulations adopted by the*
21 *Commission pursuant to NRS 704.741,* to meet with personnel
22 from the Commission and the Bureau of Consumer Protection in the
23 Office of the Attorney General and any other interested persons to
24 provide an overview of the anticipated filing or amendment.

25 2. *Each utility which supplies electricity in this State shall,*
26 *before filing a plan required pursuant to NRS 704.741 or an*
27 *amendment to such a plan, schedule at least one consumer session*
28 *to review the plan or amendment and provide an opportunity for*
29 *interested persons to:*

30 (a) *Learn about the progress of the utility in developing plans*
31 *and amendments to plans;*

32 (b) *Determine whether key assumptions are being applied in a*
33 *consistent and acceptable manner;*

34 (c) *Determine whether key results are reasonable; and*

35 (d) *Offer suggestions on other matters as appropriate.*

36 3. *Each utility shall prepare a summary of each consumer*
37 *session held pursuant to subsection 2 and include the summary in*
38 *the testimony of the utility in support of the plan or amendment to*
39 *the plan.*

40 **Sec. 6.** NRS 704.746 is hereby amended to read as follows:

41 704.746 1. After a utility has filed its plan pursuant to NRS
42 704.741, the Commission shall convene a public hearing on the
43 adequacy of the plan.

44 2. The Commission shall determine the parties to the public
45 hearing on the adequacy of the plan. A person or governmental



1 entity may petition the Commission for leave to intervene as a party.
2 The Commission must grant a petition to intervene as a party in the
3 hearing if the person or entity has relevant material evidence to
4 provide concerning the adequacy of the plan. The Commission may
5 limit participation of an intervener in the hearing to avoid
6 duplication and may prohibit continued participation in the hearing
7 by an intervener if the Commission determines that continued
8 participation will unduly broaden the issues, will not provide
9 additional relevant material evidence or is not necessary to further
10 the public interest.

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

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

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

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

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

27 (1) Improvements in energy efficiency;

28 (2) Pooling of power;

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

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

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

34 (6) Other generation facilities; and

35 (7) Other transmission facilities.

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

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

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

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

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



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

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

9 6. The Commission shall:

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

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

14 7. The Commission shall:

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

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

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

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

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

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

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

35 9. In considering whether to accept or modify a proposal for
36 annual limits on the total amount of energy and capacity that eligible
37 customers may be authorized to purchase from providers of new
38 electric resources through transactions approved by the Commission
39 pursuant to an application submitted pursuant to NRS 704B.310
40 after May 16, 2019, which is included in the plan pursuant to
41 subsection ~~5~~ 6 of NRS 704.741, the Commission shall consider
42 whether the proposed annual limits:

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 **Sec. 7.** NRS 704.751 is hereby amended to read as follows:

43 704.751 1. After a utility has filed the plan required pursuant
44 to NRS 704.741, the Commission shall issue an order accepting or



1 modifying the plan or specifying any portions of the plan it deems to
2 be inadequate:

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

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

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

15 2. If a utility files an amendment to a plan, the Commission
16 shall issue an order accepting or modifying the amendment or
17 specifying any portions of the amendment it deems to be
18 inadequate:

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

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

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

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

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

41 5. 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 efficiency
44 and conservation programs submitted pursuant to paragraph (b) of
45 subsection 3 of NRS 704.741 that are not cost effective if the energy



1 efficiency plan as a whole is cost effective. Any order issued by the
2 Commission accepting or modifying an energy efficiency plan or an
3 amendment to such a plan must, if the energy efficiency plan
4 remains cost effective, require that not less than 10 percent of the
5 total expenditures of the utility or utilities on approved energy
6 efficiency and conservation programs in the energy efficiency plan
7 must be specifically directed to energy efficiency measures for
8 customers of the utility or utilities in low-income households and
9 residential customers and public schools in historically underserved
10 communities, through both targeted programs and programs directed
11 at residential customers and public schools in general.

12 6. The Commission may accept a distributed resources plan
13 submitted pursuant to subsection ~~4~~ 5 of NRS 704.741 if the
14 Commission determines that the plan includes each element
15 required by that subsection.

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

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

29 9. As used in this section:

30 (a) "Historically underserved community" has the meaning
31 ascribed to it in NRS 704.78343.

32 (b) "Low-income household" has the meaning ascribed to it in
33 NRS 704.78347.

34 **Sec. 8.** Notwithstanding the provisions of NRS 218D.430 and
35 218D.435, a committee may vote on this act before the expiration of
36 the period prescribed for the return of a fiscal note in NRS
37 218D.475. This section applies retroactively from and after May 26,
38 2023.

39 **Sec. 9.** 1. This section becomes effective upon passage and
40 approval.

41 2. Section 1 of this act becomes effective on July 1, 2023.

42 3. Sections 2 to 8, inclusive, of this act become effective:

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



- 1 (b) On October 1, 2023, for all other purposes.
- 2 4. Section 1 of this act expires by limitation on June 30, 2049.

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