

SENATE BILL NO. 372—COMMITTEE ON COMMERCE AND LABOR

MARCH 16, 2001

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing portfolio standards for renewable energy resources and imposition of civil penalties by public utilities commission of Nevada. (BDR 58-287)

FISCAL NOTE: Effect on Local Government: Yes.  
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 the public utilities commission of Nevada; revising the portfolio standard that the commission must establish for renewable energy resources; revising the authority of the commission to impose civil penalties; requiring the commission to adopt certain regulations; and providing other matters properly relating thereto.

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

- 1     **Section 1.** NRS 703.380 is hereby amended to read as follows:  
2     703.380 1. Unless another penalty is specifically provided, any  
3     public utility *or alternative seller*, or any officer, agent or employee of a  
4     public utility *or an alternative seller*, who:  
5     (a) Violates any of the provisions of this chapter or chapters 704, 705  
6     and 708 of NRS;  
7     (b) Violates any rule or regulation of the commission; or  
8     (c) Fails, neglects or refuses to obey any order of the commission or any  
9     order of a court requiring compliance with an order of the  
10    commission,  
11    is liable for a civil penalty not to exceed ~~\$1,000~~ *\$10,000* per day for each  
12    day of the violation and not to exceed ~~\$100,000~~ *\$3,000,000* for any  
13    related series of violations.  
14    2. The amount of any civil penalty to be imposed pursuant to this  
15    section, and the propriety of any compromise of a penalty, must be  
16    determined by a court of competent jurisdiction upon the complaint of the  
17    commission.  
18    3. Subject to the approval of the court, any civil penalty may be  
19    compromised by the commission. In determining the amount of the  
20    penalty, or the amount agreed upon in compromise, the appropriateness of  
21    the penalty to the size of the business of the person charged, the gravity of



1 the violation and the good faith of the person charged in attempting to  
2 achieve compliance, after notification of a violation, must be considered.

3 4. Any penalty assessed pursuant to this section is not a cost of service  
4 by the public utility and may not be included in any new application by a  
5 public utility for a rate adjustment or rate increase.

6 **Sec. 2.** NRS 704.210 is hereby amended to read as follows:

7 704.210 The commission ~~may~~ **shall**:

8 1. Adopt necessary and reasonable regulations governing the  
9 procedure, administration and enforcement of the provisions of this  
10 chapter, subject to the provisions of NRS 416.060.

11 2. Prescribe classifications of the service of all public utilities and,  
12 except as otherwise provided in NRS 704.075, fix and regulate the rates  
13 therefor.

14 3. Fix just and reasonable charges for transportation of all intrastate  
15 freight and passengers and the rates and tolls for the use of telephone lines  
16 within the state.

17 4. Adopt just and reasonable regulations for the apportionment of all  
18 joint rates and charges between public utilities.

19 5. Consider the need for the conservation of energy when acting  
20 pursuant to the provisions of subsections 1, 2 and 3.

21 **6. *Adopt regulations that set forth a performance standard to reduce***  
22 ***peak demand for electrical energy in new residential construction. The***  
23 ***regulations must:***

24 ***(a) Establish a performance standard that reflects the best available***  
25 ***technology for reducing peak demand for electrical energy in new***  
26 ***residential construction;***

27 ***(b) Provide incentives for compliance with the standard by***  
28 ***establishing fees for new connections for electric service that are based***  
29 ***on a sliding scale; and***

30 ***(c) Apply to all new residential construction in counties whose***  
31 ***population is 100,000 or more.***

32 **Sec. 3.** NRS 704.989 is hereby amended to read as follows:

33 704.989 1. The commission shall establish **a** portfolio ~~{standards}~~  
34 **standard** for domestic energy that sets forth the minimum percentage of  
35 the total electricity sold during each calendar year that must be derived  
36 from renewable energy ~~{resources}~~ **systems**. The portfolio ~~{standards}~~  
37 **standard** must:

38 (a) Be set at ~~{two-tenths-of-one}~~ **5** percent of the total amount of  
39 electricity annually consumed by customers in this state as of ~~{January 1,~~  
40 ~~2001}~~ **December 31, 2002**.

41 (b) Be increased biannually thereafter by ~~{two-tenths-of-one}~~ **2** percent  
42 of the total annual electric consumption by the customers until the **portfolio**  
43 standard reaches a total of ~~{1}~~ **15** percent of the total amount of electricity  
44 consumed.

45 (c) ~~{Be derived from not less than 50 percent renewable energy~~  
46 ~~resources.~~

47 ~~{(d)}~~ Be derived from not less than ~~{50}~~ **10** percent solar renewable  
48 energy systems.

49 ~~{(e) Be based on renewable energy credits, if applicable.}~~



1 *(d) Provide that if electricity is procured from a renewable energy*  
2 *system by a vertically integrated electric utility or an alternative seller*  
3 *pursuant to a contract with a third party, the term of the contract must be*  
4 *not less than 10 years.*

5 2. Each vertically integrated electric utility and alternative seller that  
6 provides electric service in this state shall comply with the portfolio  
7 standard established by the commission pursuant to this section. At the end  
8 of each calendar year, each vertically integrated electric utility and  
9 alternative seller shall submit a report, in a format approved by the  
10 commission, of the quantity of renewable energy and credits, if applicable,  
11 that the *electric* utility or alternative seller generated, purchased, sold and  
12 traded to meet the ~~standards of the portfolio.~~

13 ~~3. In establishing the portfolio pursuant to this section, the commission~~  
14 ~~may establish a system of credits pursuant to which an electric utility and~~  
15 ~~alternative seller may comply with the provisions of this section. A system~~  
16 ~~of credits must provide that:~~

17 ~~—(a) Credits are issued for renewable energy resources for each kilowatt~~  
18 ~~hour of energy which it produces; and~~

19 ~~—(b) Holders of credits may trade or sell the credits to other parties.~~

20 ~~4. For the purposes of this section, a vertically integrated electric~~  
21 ~~utility which, on January 1, 1997, has 9 percent of its electricity consumed~~  
22 ~~by its customers served by renewable energy resources shall be deemed to~~  
23 ~~be in compliance until January 1, 2005, with the portfolio standards~~  
24 ~~established by the commission pursuant to this section. Between January 1,~~  
25 ~~2005, and December 31, 2009, such a vertically integrated electric utility~~  
26 ~~and its affiliated alternative seller, if any, shall reach a total of one-half of 1~~  
27 ~~percent of the amount of electricity consumed by its customers, in annual~~  
28 ~~increments of one-tenth of 1 percent, in solar energy resources for full~~  
29 ~~compliance with the portfolio standard established by the commission~~  
30 ~~pursuant to this section.~~

31 ~~5.1 portfolio standard.~~

32 3. The *vertically integrated* electric utility and alternative seller shall  
33 submit a report to the commission that provides information relating to the  
34 compliance by the ~~vertically integrated~~ electric utility or alternative seller  
35 with the requirements of this section. Such reports must be made at least  
36 annually, unless the commission by regulation determines that such reports  
37 must be made more frequently than annually, and must include clear and  
38 concise information that sets forth:

39 (a) If the ~~vertically integrated~~ electric utility installed a renewable  
40 energy system during the period for which the report is being made, the  
41 date of installation;

42 (b) The capacity of renewable energy systems of the ~~vertically~~  
43 ~~integrated~~ electric utility or alternative seller;

44 (c) The amount of production of energy from the renewable energy  
45 systems;

46 (d) The portion of the production of energy that is directly derived from  
47 renewable energy resources;



- 1 (e) The quantity of energy from renewable energy systems that is  
2 transmitted or distributed, or both, to customers in this state by the  
3 ~~vertically integrated~~ electric utility or alternative seller; and  
4 (f) Such other information that the commission by regulation may deem  
5 relevant.
- 6 ~~16-1~~ 4. Nothing in this section applies to:
- 7 (a) Rural electric cooperatives established pursuant to chapter 81 of  
8 NRS;  
9 (b) General improvement districts established pursuant to chapter 318  
10 of NRS; or  
11 (c) Utilities established pursuant to chapter 709 or 710 of NRS.
- 12 ~~17-1~~ 5. As used in this section:
- 13 (a) “Renewable energy resources” means wind, solar, geothermal and  
14 biomass energy resources in this state that are naturally regenerated.  
15 (b) “Renewable energy system” means an energy system in this state  
16 that utilizes renewable energy resources to produce electricity or solar  
17 thermal energy systems that reduce the consumption of electricity that was  
18 installed and commenced operations after ~~July~~ *January* 1, 1997.
- 19 **Sec. 4.** This act becomes effective upon passage and approval.

