

ASSEMBLY BILL NO. 1—ASSEMBLYMAN MARVEL

PREFILED DECEMBER 12, 2006

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing the portfolio standards established by the Public Utilities Commission of Nevada for certain providers of electric service. (BDR 58-115)

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

~

EXPLANATION – Matter in **bolded italics** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to energy; providing that certain geothermal energy systems that reduce the consumption of electricity or any fossil fuel are energy efficiency measures for purposes of complying with the portfolio standards that are established by the Public Utilities Commission of Nevada for certain providers of electric service; revising the applicability of the portfolio standards with respect to certain providers of new electric resources; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 To encourage and accelerate the development of new renewable energy  
2 projects and to create successful markets for electricity generated by those projects,  
3 existing law requires the Public Utilities Commission of Nevada to establish  
4 portfolio standards for certain providers of electric service that require the providers  
5 to generate, acquire or save a certain amount of electricity each year from portfolio  
6 energy systems or efficiency measures. (NRS 704.7821) This bill provides that  
7 certain geothermal energy systems that reduce the consumption of electricity or any  
8 fossil fuel constitute energy efficiency measures for the purposes of complying with  
9 the portfolio standards. This bill also revises the applicability of the portfolio  
10 standards with respect to providers of new electric resources pursuant to chapter  
11 704B of NRS.



\* A B 1 R 1 \*

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

**Section 1.** (Deleted by amendment.)

**Sec. 2.** NRS 704.7802 is hereby amended to read as follows:

704.7802 1. "Energy efficiency measure" means any measure designed, intended or used to improve energy efficiency ~~and~~:

(a) *If:*

(1) The measure is installed on or after January 1, 2005, at the service location of a retail customer of a provider of electric service in this State;

~~(b)~~ (2) The measure reduces the consumption of energy by the retail customer; and

~~(c)~~ (3) The costs of the acquisition or installation of the measure are directly reimbursed, in whole or in part, by the provider of electric service ~~and~~, *or by a customer of a provider of new electric resources pursuant to chapter 704B of NRS; or*

*(b) Which is a geothermal energy system for the provision of heated water to one or more customers and which reduces the consumption of electricity or any fossil fuel, regardless of when constructed.*

2. The term does not include:

(a) Any demand response measure or load limiting measure that shifts the consumption of energy by a retail customer from one period to another period.

(b) Any solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity or any fossil fuel.

**Sec. 3.** NRS 704.7821 is hereby amended to read as follows:

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard. The portfolio standard must require each provider to generate, acquire or save electricity from portfolio energy systems or efficiency measures in an amount that is:

(a) For calendar years 2005 and 2006, not less than 6 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(b) For calendar years 2007 and 2008, not less than 9 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(c) For calendar years 2009 and 2010, not less than 12 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.



\* A B 1 R 1 \*

(d) For calendar years 2011 and 2012, not less than 15 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(e) For calendar years 2013 and 2014, not less than 18 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(f) For calendar year 2015 and for each calendar year thereafter, not less than 20 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

2. ~~Has~~ *Except as otherwise provided in subsection 3, in addition to the requirements set forth in subsection 1, the portfolio standard for each provider must require that:*

(a) Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not less than 5 percent of that amount must be generated or acquired from solar renewable energy systems.

(b) Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. If the provider intends to use energy efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission.

(c) If the provider acquires or saves electricity from a portfolio energy system or efficiency measure pursuant to a renewable energy contract or energy efficiency contract with another party:

(1) The term of the contract must be not less than 10 years, unless the other party agrees to a contract with a shorter term; and

(2) The terms and conditions of the contract must be just and reasonable, as determined by the Commission. If the provider is a utility provider and the Commission approves the terms and conditions of the contract between the utility provider and the other party, the contract and its terms and conditions shall be deemed to be a prudent investment and the utility provider may recover all just and reasonable costs associated with the contract.

3. *The provisions of paragraphs (b) and (c) of subsection 2 do not apply to a provider of new electric resources pursuant to chapter 704B of NRS with respect to its use of an energy efficiency*



\* A B 1 R 1 \*

*measure that is financed by a customer, or which is a geothermal energy system for the provision of heated water to one or more customers and which reduces the consumption of electricity or any fossil fuel, except that, of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures.*

4. If, for the benefit of one or more ~~of its~~ retail customers in this State, the provider , *or the customer of a provider of new electric resources pursuant to chapter 704B of NRS, has paid for or* directly reimbursed, in whole or in part, the costs of the acquisition or installation of a solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity, the total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard.

~~4.1~~ 5. The Commission shall adopt regulations that establish a system of portfolio energy credits that may be used by a provider to comply with its portfolio standard.

~~6.1~~ 6. Except as otherwise provided in subsection ~~6.1~~ 7, each provider shall comply with its portfolio standard during each calendar year.

~~6.1~~ 7. If, for any calendar year, a provider is unable to comply with its portfolio standard through the generation of electricity from its own renewable energy systems or, if applicable, through the use of portfolio energy credits, the provider shall take actions to acquire or save electricity pursuant to one or more renewable energy contracts or energy efficiency contracts. If the Commission determines that, for a calendar year, there is not or will not be a sufficient supply of electricity or a sufficient amount of energy savings made available to the provider pursuant to renewable energy contracts and energy efficiency contracts with just and reasonable terms and conditions, the Commission shall exempt the provider, for that calendar year, from the remaining requirements of its portfolio standard or from any appropriate portion thereof, as determined by the Commission.

~~7.1~~ 8. The Commission shall adopt regulations that establish:

(a) Standards for the determination of just and reasonable terms and conditions for the renewable energy contracts and energy efficiency contracts that a provider must enter into to comply with its portfolio standard.



\* A B 1 R 1 \*

1 (b) Methods to classify the financial impact of each long-term  
2 renewable energy contract and energy efficiency contract as an  
3 additional imputed debt of a utility provider. The regulations must  
4 allow the utility provider to propose an amount to be added to the  
5 cost of the contract, at the time the contract is approved by the  
6 Commission, equal to a compensating component in the capital  
7 structure of the utility provider. In evaluating any proposal made by  
8 a utility provider pursuant to this paragraph, the Commission shall  
9 consider the effect that the proposal will have on the rates paid by  
10 the retail customers of the utility provider.

11 ~~18.1~~ 9. As used in this section:

12 (a) "Energy efficiency contract" means a contract to attain  
13 energy savings from one or more energy efficiency measures  
14 owned, operated or controlled by other parties.

15 (b) "Renewable energy contract" means a contract to acquire  
16 electricity from one or more renewable energy systems owned,  
17 operated or controlled by other parties.

18 (c) "Terms and conditions" includes, without limitation, the  
19 price that a provider must pay to acquire electricity pursuant to a  
20 renewable energy contract or to attain energy savings pursuant to an  
21 energy efficiency contract.

22 **Sec. 4.** This act becomes effective on July 1, 2007.

