S.B. 313

SENATE BILL NO. 313–SENATOR SCHNEIDER

MARCH 21, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises certain provisions relating to energy. (BDR 58-236)

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; requiring the Nevada Energy Commissioner to prescribe minimum standards of energy efficiency for certain electrical devices; authorizing the Commissioner to charge and collect a fee from manufacturers of certain electrical devices for the costs of any tests to confirm that such electrical devices comply with the minimum standards of energy efficiency prescribed by the Commissioner; authorizing the Commissioner to impose administrative fines; requiring the Public Utilities Commission of Nevada, in evaluating a 3-year plan submitted by an electric utility, to give preference to certain measures and sources of electricity; requiring an electric utility to include in its 3-year plan at least one scenario of supply and demand which maximizes the achievable net benefits from energy efficiency and conservation measures and programs; requiring the Commission to adopt regulations which include the opportunity for an electric utility to earn a return on investment from the implementation of energy efficiency and conservation programs equal to the return on investment earned by the utility from investment in alternative supply-side resources; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Nevada Energy Commissioner to prepare a comprehensive state energy plan which includes the promotion of the use of measures which conserve or reduce the demand for energy or which result in more efficient use of energy. (NRS 701.190) Existing law also requires the Commissioner to adopt regulations for the conservation of energy in buildings and to adopt regulations establishing a minimum standard of energy efficiency for general purposes lights. (NRS 701.220, 701.260) **Section 1** of this bill requires the Commissioner to adopt regulations prescribing a minimum standard of energy efficiency for portable light fixtures and televisions and authorizes the Commissioner to prescribe a minimum standard of energy efficiency for any other electrical devices. In addition, **section 1** requires the Commissioner to adopt regulations establishing the procedures by which a manufacturer of an electrical device is required to: (1) demonstrate that the electrical device complies with the minimum standard of energy efficiency; (2) identify that the device complies with the minimum standard of energy efficiency; and (3) make available to the Commissioner samples of the device for the purpose of conducting tests to confirm that the device complies with the minimum standard of energy efficiency. **Section 1** authorizes the Commissioner to charge and collect a fee from the manufacturer of an electrical device for the cost of conducting tests to confirm that the device complies with the minimum standard of energy efficiency. **Section 1** also authorizes the Commissioner to impose an administrative fine on any manufacturer of an electrical device who does not comply with **section 1** or the regulations adopted pursuant thereto. Finally, **section 1** requires the Commissioner to make available to the public information concerning the minimum standards of energy efficiency prescribed by the Commissioner. **Section 5** of this bill requires the Commissioner to adopt the regulations prescribing the minimum standards of energy efficiency on or before October 1, 2012.

Section 2 of this bill requires an electric utility to include as part of its 3-year plan submitted to the Public Utilities Commission of Nevada a comparison of scenarios of the best combinations of supply to meet demands or the best methods to reduce demands, at least one of which must be a scenario in which the achievable net benefits from energy efficiency and energy conservation measures and programs are maximized. **Section 3** of this bill requires, rather than authorizes, the Commission, in evaluating the adequacy of a 3-year plan submitted by an electric utility, to give preference to those energy efficiency measures, purchasing decisions and sources of energy identified in the plan which provide the greatest economic and environmental benefits to the State and which provide levels of service that are adequate and reliable. **Section 4** of this bill requires that the regulations adopted by the Commission relating to energy efficiency and conservation programs include an opportunity for the electric utility to earn a return on investment from the implementation of such programs that is equal to the return on investment the electric utility could otherwise earn from investing in alternative supply-side resources. **Section 4** provides that the return on investment which may be earned by the electric utility must be based upon the performance of the energy efficiency and conservation programs.

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

Section 1. Chapter 701 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 7, the Commissioner:

(a) Shall adopt regulations prescribing a minimum standard of energy efficiency for:

(1) Portable light fixtures; and

(2) Televisions.

(b) May adopt regulations prescribing a minimum standard of energy efficiency for any electrical device other than the electrical devices set forth in paragraph (a).

2. In adopting regulations pursuant to subsection 1, the Commissioner shall prescribe the minimum standard of energy efficiency for an electrical device based upon a determination that the standard of energy efficiency will serve to promote energy conservation in this State and will be cost-effective for consumers who purchase and use such electrical devices.

3. A regulation adopted pursuant to subsection 1 which establishes or amends a minimum standard of energy efficiency for an electrical device must not become effective until 1 year after the date on which the regulation is adopted.

4. The Commissioner shall adopt regulations establishing the procedures by which a manufacturer of an electrical device for which the Commissioner has prescribed a minimum standard of energy efficiency pursuant to subsection 1 shall:

(a) Demonstrate that the electrical device complies with the minimum standard of energy efficiency prescribed by the Commissioner;

(b) Identify conspicuously on the electrical device and on any packaging for the electrical device that the device complies with the minimum standard of energy efficiency prescribed by the Commissioner; and

(c) Make available to the Commissioner samples of the electrical device for the purpose of conducting tests to confirm that the device complies with the minimum standard of energy efficiency prescribed by the Commissioner.

5. The Commissioner may:

(a) Charge and collect a fee from the manufacturer of an electrical device for the cost of any test conducted by the Commissioner in accordance with the regulations adopted pursuant to paragraph (c) of subsection 4; and

(b) Impose an administrative fine on any manufacturer of an electrical device who does not comply with the provisions of this section or any regulation adopted pursuant thereto.

6. The Commissioner shall make available to the public, free of charge, information concerning the minimum standards of energy efficiency for electrical devices prescribed by the Commissioner pursuant to this section and shall publish the information on the Internet website of the Commissioner.

7. The regulations adopted pursuant to this section do not apply to:

(a) New electrical devices manufactured in this State and sold outside of this State;

(b) New electrical devices manufactured outside of this State and sold at wholesale in this State for final retail sale and use outside of this State; or

(c) New electrical devices designed expressly for installation and use in a recreational vehicle as that term is defined in NRS 482.101.

8. As used in this section, "portable light fixture" means a movable electric light fixture that uses a plug-in power cord.

Sec. 2. NRS 704.741 is hereby amended to read as follows:

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

2. The Commission shall, by regulation:

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

(1) Forecast the future demands; and

(2) Determine the best combination of sources of supply to 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.

3. The Commission shall require the utility to include in its 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; and

(b) 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 ~~[at]~~ ***:***

(1) At least one scenario of low carbon intensity ~~[.]~~ ***; and***

(2) At least one scenario that maximizes the achievable net benefits from energy efficiency and energy conservation measures and programs.

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

5. As used in this section:

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

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

Sec. 3. NRS 704.746 is hereby amended to read as follows:

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

2. The Commission shall determine the parties to the public hearing on the adequacy of the plan. A person or governmental entity may petition the Commission for leave to intervene as a party. The Commission must grant a petition to intervene as a party in the hearing if the person or entity has relevant material evidence to provide concerning the adequacy of the plan. The Commission may limit participation of an intervener in the hearing to avoid duplication and may prohibit continued participation in the hearing by an intervener if the Commission determines that continued participation will unduly broaden the issues, will not provide additional relevant material evidence or is not necessary to further the public interest.

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

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

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

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

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

(1) Improvements in energy efficiency;

(2) Pooling of power;

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

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

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

(6) Other generation facilities; and

(7) Other transmission facilities.

5. The Commission ~~[may]~~ ***shall*** give preference to the measures and sources of supply set forth in paragraph (c) of subsection 4 that:

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

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

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

6. The Commission shall:

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

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

7. The Commission shall:

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

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

Sec. 4. NRS 704.785 is hereby amended to read as follows:

704.785 1. The Commission shall adopt regulations authorizing an electric utility to recover an amount based on the measurable and verifiable effects of the implementation by the electric utility of energy efficiency and conservation programs approved by the Commission, which ~~[:~~

~~(a) Must]~~ ***must*** include:

~~[(1)]~~ ***(a)*** The costs reasonably incurred by the electric utility in implementing and administering the energy efficiency and conservation programs; ~~[and~~

~~(2)]~~ ***(b)*** Any financial disincentives relating to other supply alternatives caused or created by the reasonable implementation of the energy efficiency and conservation programs; and

~~[(b) May include any financial incentives to support the promotion of the participation of the customers of]~~

(c) An opportunity for the electric utility ~~[in the]~~ ***to earn a return on investment from the implementation of energy efficiency and conservation programs that is equal to the return on investment the electric utility could otherwise earn from investing in alternative supply-side resources. The return on investment which may be earned by the electric utility pursuant to this paragraph must be based upon the performance of the*** energy efficiency and conservation programs.

2. When considering whether to approve an energy efficiency or conservation program proposed by an electric utility as part of a plan filed pursuant to NRS 704.741, the Commission shall consider the effect of any recovery by the electric utility pursuant to this section on the rates of the customers of the electric utility.

3. The regulations adopted pursuant to this section must not:

(a) Affect the electric utility's incentives and allowed returns in areas not affected by the implementation of energy efficiency and conservation programs; or

(b) Authorize the electric utility to earn more than the rate of return authorized by the Commission in the most recently completed rate case of the electric utility.

4. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

Sec. 5. The Nevada Energy Commissioner shall adopt the regulations required by section 1 of this act on or before October 1, 2012.

Sec. 6. 1. This section and sections 1 and 5 of this act becomes effective upon passage and approval for the purpose of adopting regulations and on January 1, 2012, for all other purposes.

2. Sections 2, 3 and 4 of this act become effective on January 1, 2012.

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