

SENATE BILL NO. 326—SENATOR SPEARMAN

MARCH 18, 2013

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to the renewable energy portfolio standard. (BDR 58-766)

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 renewable energy; requiring the Public Utilities Commission of Nevada to authorize a provider of electric service to sell excess portfolio energy credits under certain circumstances; requiring the Commission to conduct a study on the benefits of participation in a regional market for the sale of portfolio energy credits; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 The Legislature has established a renewable energy portfolio standard under
2 which each provider of electric service in this State is required to generate,
3 acquire or save electricity from renewable energy systems or energy efficiency
4 measures in certain amounts each calendar year. (NRS 704.7821) Existing law
5 requires the Public Utilities Commission of Nevada to authorize a provider to carry
6 forward certain excess kilowatt-hours of electricity generated, acquired or saved
7 from renewable energy systems or energy efficiency measures to subsequent
8 calendar years if the provider exceeds the portfolio standard for any calendar year.
9 (NRS 704.7828)

10 **Section 1** of this bill requires the Commission to authorize a provider to sell
11 any portfolio energy credits attributable to the electricity generated, acquired or
12 saved by the provider that exceeds the amount of electricity necessary to comply
13 with the portfolio standard. This bill provides that revenues received by a provider
14 for such a sale must be credited against the provider's costs for purchased fuel and
15 power. Additionally, **section 2** of this bill requires the Commission to conduct a
16 study on the benefits of participation in a regional market for the sale of portfolio
17 energy credits.



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

Section 1. NRS 704.7828 is hereby amended to read as follows:

704.7828 1. The Commission shall adopt regulations to carry out and enforce the provisions of NRS 704.7801 to 704.7828, inclusive. The regulations adopted by the Commission may include any enforcement mechanisms which are necessary and reasonable to ensure that each provider of electric service complies with its portfolio standard. Such enforcement mechanisms may include, without limitation, the imposition of administrative fines.

2. If a provider exceeds the portfolio standard for any calendar year, the Commission shall authorize the provider ~~to~~:

(a) To carry forward to subsequent calendar years for the purpose of complying with the portfolio standard for those subsequent calendar years any excess kilowatt-hours of electricity that the provider generates, acquires or saves from portfolio energy systems or efficiency measures ~~to~~; or

(b) To sell any portfolio energy credits attributable to any excess kilowatt-hours of electricity that the provider generates, acquires or saves from portfolio energy systems or efficiency measures. Any revenues received by a provider from the sale of portfolio energy credits authorized pursuant to this paragraph must be credited against the provider's costs for purchased fuel and power pursuant to NRS 704.187 in the same calendar year in which the revenues are received, less any verified administrative costs incurred by the provider to make the sale, including any costs incurred to qualify the portfolio energy credits in another state for potential sales regardless of whether such sales are made.

3. If a provider does not comply with its portfolio standard for any calendar year and the Commission has not exempted the provider from the requirements of its portfolio standard pursuant to NRS 704.7821 or 704.78213, the Commission:

(a) Shall require the provider to carry forward to subsequent calendar years the amount of the deficiency in kilowatt-hours of electricity that the provider does not generate, acquire or save from portfolio energy systems or efficiency measures during a calendar year in violation of its portfolio standard; and

(b) May impose an administrative fine against the provider or take other administrative action against the provider, or do both.

4. The Commission may impose an administrative fine against a provider based upon:

(a) Each kilowatt-hour of electricity that the provider does not generate, acquire or save from portfolio energy systems or



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1 efficiency measures during a calendar year in violation of its
2 portfolio standard; or

3 (b) Any other reasonable formula adopted by the Commission.

4 5. In the aggregate, the administrative fines imposed against a
5 provider for all violations of its portfolio standard for a single
6 calendar year must not exceed the amount which is necessary and
7 reasonable to ensure that the provider complies with its portfolio
8 standard, as determined by the Commission.

9 6. If the Commission imposes an administrative fine against a
10 utility provider:

11 (a) The administrative fine is not a cost of service of the utility
12 provider;

13 (b) The utility provider shall not include any portion of the
14 administrative fine in any application for a rate adjustment or rate
15 increase; and

16 (c) The Commission shall not allow the utility provider to
17 recover any portion of the administrative fine from its retail
18 customers.

19 7. All administrative fines imposed and collected pursuant to
20 this section must be deposited in the State General Fund.

21 **Sec. 2.** The Public Utilities Commission of Nevada shall
22 conduct a study on the benefits of participation in a regional market
23 for the sale of portfolio energy credits as defined in NRS 704.7803.
24 The Commission shall on or before January 31, 2015, submit a
25 written report on the results of the study and any recommendations
26 for legislation to the Director of the Legislative Counsel Bureau for
27 transmittal to the 78th session of the Nevada Legislature.

