

Amendment No. 549

Assembly Amendment to Assembly Bill No. 223 (BDR 58-660)

Proposed by: Assembly Committee on Commerce and Labor

Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/> _____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/> _____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/> _____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill proposed to be retained in this amendment.

ALA/WLK



Date: 4/19/2017

A.B. No. 223—Revises provisions relating to energy efficiency programs.

(BDR 58-660)



ASSEMBLY BILL NO. 223—ASSEMBLYMEN MCCURDY II; BROOKS, JAUREGUI,
MONROE-MORENO, WATKINS AND YEAGER

PREFILED FEBRUARY 13, 2017

JOINT SPONSORS: SENATORS CANNIZZARO AND SEGERBLOM

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to energy efficiency programs.
(BDR 58-660)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 efficiency programs; requiring an electric utility to submit to the Public Utilities Commission of Nevada an energy efficiency plan designed to be cost effective; prescribing the contents of such a plan; requiring the Commission to ~~measure~~ determine the cost effectiveness of an energy efficiency plan or energy efficiency program through application of ~~the utility cost test~~ a test of the cost effectiveness of the plan or program that is selected by the Commission; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires each electric utility to submit to the Public Utilities Commission of Nevada every 3 years a plan to increase the utility's supply of electricity or decrease the demands made on its system by its customers. Existing law provides that the plan must include certain components, including, without limitation, an energy efficiency program for residential customers. (NRS 704.741) **Section 7** of this bill revises this requirement to require an electric utility to include in its plan an energy efficiency plan for residential customers which reduces the consumption of electricity through energy efficiency and conservation programs and which is designed to be cost effective. **Section 8** of this bill authorizes the Commission to accept an energy efficiency plan that consists of energy efficiency and conservation programs that are not cost effective if ~~the energy efficiency plan as a whole~~ is cost effective. ~~It is measured by the utility cost test.~~ **Section 8** further requires as long as an energy efficiency plan remains cost effective, that any order of the Commission accepting or modifying an energy efficiency plan or an amendment to such a plan to require that at least 5 percent of the expenditures ~~relating to~~ of the utility on approved energy efficiency and conservation programs in the energy efficiency plan be specifically directed toward energy efficiency programs for low-income customers. ~~unless such a requirement is not cost effective.~~

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding thereto the
2 provisions set forth as sections 2 to 5, inclusive, of this act.

3 **Sec. 2.** *As used in NRS 704.736 to 704.754, inclusive, and sections 2 to 5,*
4 *inclusive, of this act, unless the context otherwise requires, the words and terms*
5 *defined in sections 3, 4 and 5 of this act have the meanings ascribed to them in*
6 *those sections.*

7 **Sec. 3.** *“Cost effective” means an energy efficiency plan or energy*
8 *efficiency program has a benefit-cost ratio of 1.0 or greater as ~~measured~~*
9 *determined by the ~~utility cost test~~. Commission, using a test of the cost*
10 *effectiveness of the plan or program that:*

11 1. *Is selected by the Commission; and*

12 2. *Accounts for any non-energy benefits of the plan or program.*

13 **Sec. 4.** 1. *“Energy efficiency and conservation program” means a*
14 *program designed, intended or used to improve energy efficiency by reducing the*
15 *energy consumption by a ~~retail~~ residential customer of a utility which supplies*
16 *electricity in this State.*

17 2. *The term includes, without limitation, a demand-side response program*
18 *or load-limiting program that shifts the consumption of energy by a ~~retail~~*
19 *residential customer from one period to another period.*

20 3. *The term does not include the implementation or assessment of any rate*
21 *which is based on the time of day, day of the week or time of year during which*
22 *electricity is used or which otherwise varies based upon the time during which the*
23 *electricity is used.*

24 **Sec. 5.** ~~*“Utility cost test” means the measurement of the cost effectiveness*~~
25 ~~*of an energy efficiency plan or energy efficiency program that compares the*~~
26 ~~*monetary costs that are borne by an electric utility or provider of electric service*~~
27 ~~*and that are incurred to develop, acquire and operate an energy efficiency*~~
28 ~~*program on a life cycle basis to the avoided monetary costs associated with*~~
29 ~~*developing, acquiring and operating resources to supply electricity in the absence*~~
30 ~~*of the energy efficiency plan or program.*~~ **(Deleted by amendment.)**

31 **Sec. 6.** NRS 704.736 is hereby amended to read as follows:

32 704.736 The application of NRS 704.736 to 704.754, inclusive, *and sections*
33 *2 to 5, inclusive, of this act* is limited to any public utility in the business of
34 supplying electricity which has an annual operating revenue in this state of
35 \$2,500,000 or more.

36 **Sec. 7.** NRS 704.741 is hereby amended to read as follows:

37 704.741 1. A utility which supplies electricity in this State shall, on or
38 before July 1 of every third year, in the manner specified by the Commission,
39 submit a plan to increase its supply of electricity or decrease the demands made on
40 its system by its customers to the Commission.

41 2. The Commission shall, by regulation:

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

44 (1) Forecast the future demands; and

45 (2) Determine the best combination of sources of supply to meet the
46 demands or the best method to reduce them; and

47 (b) Designate renewable energy zones and revise the designated renewable
48 energy zones as the Commission deems necessary.

49 3. The Commission shall require the utility to include in its plan:

(a) An energy efficiency ~~program~~ plan for residential customers ~~plan~~ which is cost effective and which reduces the consumption of electricity or any fossil fuel through the implementation of energy efficiency and conservation programs. The energy efficiency plan must include, without limitation:

(1) An energy efficiency and conservation 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

(2) A proposal for the expenditure of not less than 5 percent of the total expenditures related to energy efficiency and conservation programs on energy efficiency and conservation programs directed to low-income customers of the electric utility.

(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 least one scenario of low carbon intensity that includes the deployment of distributed generation.

(c) An analysis of the effects of the requirements of NRS 704.766 to 704.775, inclusive, on the reliability of the distribution system of the utility and the costs to the utility to provide electric service to all customers. The analysis must include an evaluation of the costs and benefits of addressing issues of reliability through investment in the distribution system.

(d) A list of the utility's assets described in NRS 704.7338.

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

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. 8. NRS 704.751 is hereby amended to read as follows:

704.751 1. After a utility has filed the plan required pursuant to NRS 704.741, the Commission shall issue an order accepting or modifying the plan or specifying any portions of the plan it deems to be inadequate:

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

(b) Within 180 days for all portions of the plan not described in paragraph (a).

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

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

(a) Within 135 days after the filing of the amendment; or

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

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

3. All prudent and reasonable expenditures made to develop the utility's plan, including environmental, engineering and other studies, must be recovered from the rates charged to the utility's customers.

4. The Commission may accept an energy efficiency plan submitted pursuant to paragraph (a) of subsection 1 if the Commission determines that the plan is 3 of NRS 704.741 that consists of energy efficiency and conservation programs that are not cost effective, as measured by the utility cost test. Unless the Commission determines that it is not cost effective, any if the energy efficiency plan as a whole is cost effective. Any order issued by the Commission accepting or modifying an energy efficiency plan or an amendment to such a plan must provide, if the energy efficiency plan remains cost effective, require that not less than 5 percent of the total expenditures related to of the utility on approved energy efficiency and conservation programs in the energy efficiency plan must be specifically directed to energy efficiency programs for low-income customers of the utility. In developing the utility cost test for the purpose of measuring the cost effectiveness of energy efficiency and conservation programs directed to low income customers, the Commission shall quantify or assign a reasonable value to reductions in working capital, reduced collection costs, lower bad debt expense, improved effectiveness of customer service and any other appropriate factors as utility system economic benefits.

5. The Commission may accept a transmission plan submitted pursuant to subsection 4 of NRS 704.741 for a renewable energy zone if the Commission determines that the construction or expansion of transmission facilities would facilitate the utility meeting the portfolio standard, as defined in NRS 704.7805.

~~15-1~~ 6. The Commission shall adopt regulations establishing the criteria for determining the adequacy of a transmission plan submitted pursuant to subsection 4 of NRS 704.741.

~~16-1~~ 7. Any order issued by the Commission accepting or modifying an element of an emissions reduction and capacity replacement plan must include provisions authorizing the electric utility to construct or acquire and own electric generating plants necessary to meet the capacity amounts approved in, and carry out the provisions of, the plan. As used in this subsection, "capacity" means an amount of firm electric generating capacity used by the electric utility for the purpose of preparing a plan filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive ~~11~~, and sections 2 to 5, inclusive, of this act.

Sec. 9. This act becomes effective:

1. Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks necessary to carry out the provisions of this act; and

2. On July 1, 2017, for all other purposes.