

SENATE BILL NO. 154—SENATOR CANCELA

FEBRUARY 13, 2019

Referred to Committee on Growth and Infrastructure

SUMMARY—Requires the adoption of regulations authorizing certain renewable natural gas activities. (BDR 58-108)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.  
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 natural gas; requiring the Public Utilities Commission of Nevada to adopt regulations authorizing a public utility which purchases natural gas for resale to engage in renewable natural gas activities and to recover the reasonable and prudent costs of such activities; requiring such a public utility to attempt to incorporate renewable natural gas into its gas supply portfolio; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 This bill requires the Public Utilities Commission of Nevada to adopt  
2 regulations authorizing a public utility which purchases natural gas for resale to  
3 engage in renewable energy activities and to recover all reasonable and prudent  
4 costs associated with the public utility's participation in a renewable natural gas  
5 activity which provides certain environmental benefits and has been approved by  
6 the Commission. This bill also requires a public utility which purchases natural gas  
7 for resale to attempt to meet certain goals for incorporating renewable natural gas  
8 into its gas supply portfolio.



\* S B 1 5 4 R 1 \*

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

**Section 1.** Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 8, inclusive, of this act.

**Sec. 2.** *As used in sections 2 to 8, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 7, inclusive, of this act have the meanings ascribed to them in those sections.*

**Sec. 3.** *“Biogas” means a mixture consisting primarily of methane and carbon dioxide that is produced by the anaerobic digestion with anaerobic bacteria or fermentation of biodegradable materials, including, without limitation, biomass, manure, plant material, sewage and landfill waste.*

**Sec. 4.** *“Environmental attributes” means any credits, emissions reductions, offsets, allowances or any other benefits attributable to the production and delivery of renewable natural gas.*

**Sec. 5.** *“Renewable energy” has the meaning ascribed to it in NRS 704.7811.*

**Sec. 6.** *“Renewable natural gas” means gas which:*

*1. Is produced by processing biogas or by converting electric energy generated using renewable energy into storable or injectable gas fuel, in a process commonly known as power-to-gas or electrolysis; and*

*2. Meets the quality standards applicable to the natural gas pipeline into which the gas will be injected.*

**Sec. 7.** *“Renewable natural gas facility” means a facility or any part of the equipment located at a facility that is used to create biogas, create hydrogen for methanation, gather biogas, gather hydrogen, process biogas into renewable natural gas, inject renewable natural gas into a natural gas pipeline or determine the constituents of renewable natural gas before the injection of the renewable natural gas into a natural gas pipeline.*

**Sec. 8. 1.** *The Commission shall adopt regulations authorizing a public utility which purchases natural gas for resale to engage in renewable natural gas activities, including, without limitation:*

*(a) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for approval of a reasonable and prudent renewable natural gas activity that will be used and useful and will provide environmental benefits to this State as provided in subsection 2; and*



(b) Procedures for a public utility which purchases natural gas for resale to apply to the Commission for the recovery of all reasonable and prudent costs associated with a renewable natural gas activity approved by the Commission pursuant to the regulations adopted pursuant to this subsection.

2. The Commission may approve a renewable natural gas activity pursuant to subsection 1 if the renewable natural gas activity is demonstrated to provide one or more of the following environmental benefits to this State:

(a) The reduction or avoidance of emissions of any air pollutant or greenhouse gas in this State;

(b) The reduction or avoidance of any pollutant that could have an adverse impact on the waters of this State; or

(c) The alleviation of a local nuisance within this State that is associated with the emission of odors.

3. The renewable natural gas activities which may be approved by the Commission pursuant to the regulations adopted in accordance with subsection 1 are:

(a) Making a financial investment in a renewable natural gas facility;

(b) Contracting with a producer of renewable natural gas to build and operate a renewable natural gas facility;

(c) Extending the transmission or distribution system of the public utility which purchases natural gas for resale to interconnect with a renewable natural gas facility;

(d) Purchasing gas produced from a renewable natural gas facility, whether or not the gas has environmental attributes:

(1) To incorporate the gas produced from a renewable natural gas facility into the supply portfolio of the public utility which purchases natural gas for resale; or

(2) To sell the gas produced from a renewable natural gas facility directly to the customers of the public utility;

(e) Participating in a state or federal renewable energy program or project if participation in the program or project by the public utility which purchases natural gas for resale:

(1) Consists of the purchase or sale of gas produced by a renewable natural gas facility or environmental attributes by the public utility; and

(2) Results in a reduction of the cost of gas produced from a renewable natural gas facility to the customers of the public utility;

(f) Providing customers of the public utility which purchases natural gas for resale with the option to purchase gas produced from a renewable natural gas facility, with or without environmental attributes, directly from the public utility; or



(g) Any other activity which develops sources of renewable natural gas in this State for the purpose of reducing emissions of greenhouse gases, creating jobs through the construction and operation of renewable natural gas facilities in this State and diversifying the supply of energy in this State.

4. A public utility which purchases natural gas for resale shall attempt to incorporate renewable natural gas into its gas supply portfolio in the following amounts:

(a) By January 1, 2025, not less than 1 percent of the total amount of gas sold to by public utility to its retail customers;

(b) By January 1, 2030, not less than 2 percent of the total amount of gas sold to the public utility's retail customers;

(c) By January 1, 2035, not less than 3 percent of the total amount of gas sold to the public utility's retail customers.

**Sec. 9.** This act becomes effective:

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

2. On October 1, 2019, for all other purposes.

