

FACT SHEET

(Jan., 2017)



GOVERNOR'S OFFICE OF ENERGY

Integrated Resource Planning Process Legislation, 2017 S.B. 65

Integrated Resource Planning and Existing Law

An Integrated Resource Plan (IRP) is required by the Public Utilities Commission of Nevada to be submitted by July 1st of every third year on behalf of any public utility in the business of supplying electricity which has an annual operating revenue in this state of \$2,500,000 or more to increase its supply of electricity or decrease the demands made on its system by its customers to the Commission. (NRS 704.736 to 704.741, inclusive). Existing law establishes provisions governing limited public participation in hearings on the adequacy of a utility's plan to increase its supply of electricity or decrease the demands made on its system. Existing law also *authorizes* the Commission, in determining the adequacy of a utility's plan, to give preference to the measures and sources of supply that meet certain criteria, including providing the greatest economic and environmental benefits to the State and providing the greatest opportunity for the creation of new jobs in this State. (NRS 704.746)

Challenges with Existing Law

While current regulations in NAC 704.952 require that at least four months before the anticipated date for filing the resource plan, the utility shall meet with staff and the personnel of the Bureau of Consumer Protection (BCP) to provide an overview of the anticipated filing, there is no option for participation by other interested persons.

While NRS 704.746 *allows* the Commission to give preference to measures that provide the greatest economic and environmental benefits to the State, the primary focus has been on the "least cost" plan as measured by the present worth of revenue requirements. This focus on "least cost" undervalues economic and environmental benefits of clean energy sources, does not adequately assess fuel price risk and carbon price risk of over-reliance on natural gas fired generation, and does not diversify Nevada's energy portfolio.

Proposed Legislation

This bill integrates existing language from NAC 704.952(5) and (6) into NRS 704.746(1) and effectively requires that the utility shall meet with not only staff and personnel of the BCP but also "all other interested persons" to provide an overview of the anticipated filing, hence broadening opportunity for participation to all interested members of the public.

In addition, this bill would *require* instead of *allow* the Commission to give preference for measures that provide the greatest economic and environmental benefits, the greatest opportunity for the creation of new jobs in the state, diversify energy portfolios and reduce fuel and carbon-price risk, and help to position Nevada to lead the nation as a producer and consumer of clean and renewable energy consistent with established State policy.

FAQs

1. **How does the PUCN currently evaluate resources?** *The PUCN currently may give preference to the measures and sources of supply that:*
 - (a) *Provide the greatest economic and environmental benefits to the State;*
 - (b) *Are consistent with the provisions of this section;*
 - (c) *Provide levels of service that are adequate and reliable; and*
 - (d) *Provide the greatest opportunity for the creation of new jobs in this State**This legislation requires the utility to give preference to resources based on the above criteria.*
2. **Who does the utility currently meet with to provide an overview of the plan prior to filing?** *The utility currently is only required to meet with the staff of the PUCN and the BCP; this legislation requires the utility to provide an overview of the anticipated filing to all interested person*

SENATE BILL NO. 65—COMMITTEE ON
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE OFFICE OF ENERGY
IN THE OFFICE OF THE GOVERNOR)

PREFILED NOVEMBER 17, 2016

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions related to the filing by certain electric utilities of an integrated resource plan. (BDR 58-167)

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 public utilities; requiring the Public Utilities Commission of Nevada to require certain utilities which supply electricity in this State to provide an overview of the utility's resource plan or any amendment to the resource plan at least 4 months before filing the plan or within a reasonable period before filing the amendment; requiring the Commission to give preference to certain measures and sources of supply when determining the adequacy of a resource plan; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes provisions governing public hearings on the adequacy of a utility's plan to increase its supply of electricity or decrease the demands made on its system. Existing law also authorizes the Commission, in determining the adequacy of a utility's plan, to give preference to the measures and sources of supply that meet certain criteria, including providing the greatest economic and environmental benefits to the State and providing the greatest opportunity for the creation of new jobs in this State. (NRS 704.746)

Section 1 of this bill requires the Public Utilities Commission of Nevada to require a utility which supplies electricity in this State to meet with personnel from the Commission and the Bureau of Consumer Protection in the Office of the Attorney General and any other interested persons at least 4 months before filing a



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resource plan or within a reasonable period before filing an amendment to an existing plan to provide an overview of the plan or amendment.

Section 6 of this bill requires the Commission to give preference to those measures and sources of supply that provide the greatest economic and environmental benefits to the State, as well as those that provide for diverse electricity supply portfolios and which reduce customer exposure to price volatility of fossil fuels and the potential costs of carbon.

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 a new section to read as follows:

The Commission shall require each utility which supplies electricity in this State, not less than 4 months before filing a plan required pursuant to NRS 704.741, or within a reasonable period before filing an amendment to such a plan pursuant to NRS 704.751, to meet with personnel from the Commission and the Bureau of Consumer Protection in the Office of the Attorney General and any other interested persons to provide an overview of the anticipated filing or amendment.

Sec. 2. NRS 704.032 is hereby amended to read as follows:

704.032 The Office of Economic Development may participate in proceedings before the Public Utilities Commission of Nevada concerning a public utility in the business of supplying electricity or natural gas to advocate the accommodation of the State Plan for Economic Development developed by the Executive Director of the Office pursuant to subsection 2 of NRS 231.053. The Office of Economic Development may intervene as a matter of right in a proceeding pursuant to NRS 704.736 to 704.754, inclusive, *and section 1 of this act* or 704.991.

Sec. 3. NRS 704.635 is hereby amended to read as follows:

704.635 When a complaint has been filed with the Commission alleging that a person is providing a service which requires a certificate of public convenience and necessity, or when the Commission has reason to believe that any provision of NRS 704.005 to 704.754, inclusive, *and section 1 of this act* or 704.9901 is being violated, the Commission shall investigate the operation and may, after a hearing, issue an order requiring that the person cease and desist from any operation in violation of NRS 704.005 to 704.754, inclusive, *and section 1 of this act* or 704.9901. The Commission shall enforce the order under the powers vested in the Commission by NRS 704.005 to 704.754, inclusive, *and section 1 of this act* or 704.9901 or other law.



Sec. 4. NRS 704.640 is hereby amended to read as follows:

704.640 Except as otherwise provided in NRS 704.6881 to 704.6884, inclusive, any person who:

1. Operates any public utility to which NRS 704.005 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993 to 704.999, inclusive, apply without first obtaining a certificate of public convenience and necessity or in violation of its terms;

2. Fails to make any return or report required by NRS 704.005 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993 to 704.999, inclusive, or by the Commission pursuant to NRS 704.005 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993 to 704.999, inclusive;

3. Violates, or procures, aids or abets the violating of any provision of NRS 704.005 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993 to 704.999, inclusive;

4. Fails to obey any order, decision or regulation of the Commission;

5. Procures, aids or abets any person in the failure to obey the order, decision or regulation; or

6. Advertises, solicits, proffers bids or otherwise holds himself, herself or itself out to perform as a public utility in violation of any of the provisions of NRS 704.005 to 704.754, inclusive, *and section 1 of this act*, 704.9901 and 704.993 to 704.999, inclusive, shall be fined not more than \$500.

Sec. 5. NRS 704.736 is hereby amended to read as follows:

704.736 The application of NRS 704.736 to 704.754, inclusive, *and section 1 of this act* is limited to any public utility in the business of supplying electricity which has an annual operating revenue in this state of \$2,500,000 or more.

Sec. 6. 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;

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

(d) Provide the greatest opportunity for the creation of new jobs in this State ~~and~~ *and*

(e) Provide for diverse electricity supply portfolios and which reduce customer exposure to the price volatility of fossil fuels and the potential costs of carbon.

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



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

5 8. The Commission shall, after a hearing, review and accept or
6 modify an emissions reduction and capacity replacement plan which
7 includes each element required by NRS 704.7316. In considering
8 whether to accept or modify an emissions reduction and capacity
9 replacement plan, the Commission shall consider:

10 (a) The cost to the customers of the electric utility to implement
11 the plan;

12 (b) Whether the plan provides the greatest economic benefit to
13 this State;

14 (c) Whether the plan provides the greatest opportunities for the
15 creation of new jobs in this State; and

16 (d) Whether the plan represents the best value to the customers
17 of the electric utility.

18 **Sec. 7.** Notwithstanding the provisions of section 1 of this act,
19 the 4-month period described in that section does not apply to a
20 utility which supplies electricity in this State which is required to
21 file a plan pursuant to NRS 704.741 on or before the date that is 4
22 months after the effective date of this act. The Public Utilities
23 Commission of Nevada shall require such a utility to conduct the
24 meeting required by section 1 of this act within a reasonable period
25 before the date on which the utility is required to file the plan
26 pursuant to NRS 704.741.

27 **Sec. 8.** This act becomes effective upon passage and approval.

