

Nevada State Office of Energy  
New Energy Industry Task Force  
Business Case and Policy Subcommittee

Purpose: Work to include the development of key scenarios that would impact the business case assumptions. Items such as changes to existing RPS, net metering, plant retirement, carbon tax, environmental regulations, dynamic scheduling, regional partnerships, generation mix, new transmission capacity, load forecasts, electric vehicle integration, tax credits, demand response programs and more could be considered to have significant impacts to the industry. This subcommittee will also be home of the policy recommendations following the business case.

**The subcommittee recommends the following actions.**

**Amend Nevada Revised Statutes (NRS) as follows:**

1. Modifying NRS 704.746 so that transmission capacity alternatives to facilitate resource sharing to reduce the cost of operations and accommodate higher penetration levels of renewable energy are considered in the resource planning process. The task force will need to discuss options. (Note: Bureau of Consumer Protection is opposed to recommendation A.)

A) Nevada retail customers could benefit economically from mutually beneficial exchanges of conventional or renewable resources and/or by sharing resources that support intermittent renewable resources. Accordingly, consider modifying NRS 704.746 to clarify that construction of new transmission capacity to facilitate mutually beneficial exchanges of renewable or conventional generation with neighboring utilities and/or to accommodate higher penetration levels of renewable resources are considered in the resource planning process.

Replace 704.746 Section 4, Subsection c2 with “The utility has considered the construction of new transmission capacity to facilitate mutually beneficial exchanges of renewable or conventional generation with neighboring utilities and/or to accommodate higher penetration levels of renewable resources;”

B) Alternative recommendation proposed by NV Energy: “After reviewing the proposed NEITF draft modifications to existing NRS IRP requirements, NV Energy does not approve of these changes to NRS. NV Energy is already participating in three regional processes to define the issues and identify potential solutions. The proposed changes would impose a requirement to conduct studies or make a demonstration at every IRP filing. These studies are complicated,

duplicative of existing efforts, time consuming, untimely, and extremely costly. These studies would involve several parties and are not of a type to be conducted on a recurring basis. NV Energy could support revisions to NRS to clarify the PUCN's authority to approve transmission for export of capacity and energy."

2. Amend NRS 701.190 to read that all providers of electric and gas service in Nevada report goals, programs and status updates annually to NSOE. NSOE to establish statewide goals as part of the statewide energy plan
3. Amend NRS 704.7822 to clarify that the Solar 2.4 Multiplier is for net metered systems only. Photovoltaic power has become significantly more competitive since the legislation was created. For systems greater than 1 MW, reduce multiplier to 1.0 but grandfather in existing systems. (Note: Bureau of Consumer Protection is opposed to this recommendation.)
4. Amend NRS 701A.340 to allow geothermal projects to be considered on equal footing for renewable energy tax abatements. They are currently required to get county approval to be eligible for property tax abatement, when other renewables are not.

NRS 701A.340 is hereby amended to read as follows:

701A.340 1. "Renewable energy" means:

(a) Biomass;

(b) Fuel cells;

(c) *Geothermal energy*;

(d) Solar energy;

~~[(d)] (e)~~ Waterpower; or

~~[(e)] (f)~~ Wind.

2. The term does not include coal, natural gas, oil, propane or any other fossil fuel ~~[, geothermal energy]~~ or nuclear energy.

**Send a letter to the Public Utilities Commission of Nevada requesting they open a docket to review the following issues related to renewable energy systems and net-metering.**

1. Evaluate the methodology used in the NV Energy Large and Small Standby Riders (LSR and SSR) to determine, for both traditional bundled customers and time of use customers, how the calculation is done and what the cost is to customers and if modifications to the LSR and SSR tariffs are needed. Also evaluate if the peak power triggers need to be modified.
2. Evaluate the impact, costs, and benefits of shifting the compliance cap for net-metered systems from 2% of name plate (MW) to 2% of peak supply (MWh).

3. Investigate the ability of NV Energy customers to purchase renewable energy from utility scale renewable projects on the utility side of the meter and remain a bundled customer of the utility including, but not limited to
  - a. Green Tariffs
  - b. Virtual Net Metering
  - c. Community solar programsAnd to evaluate the costs and benefits of net-metered systems to the grid.

**Recommendation to NSOE.**

In crafting the State Energy Plan per NRS 701.190, the NSOE should investigate the possibility of requiring versus encouraging renewable energy, energy efficiency and sustainability education in Nevada school curriculum. The NSOE should undertake a discussion regarding the benefits, authorization and incentives for the primary and secondary schools for doing so, the scope of and sources available for the renewable energy programs. This should be done in conjunction with the Governor's Office of Economic Development in regards to the State Plan for Economic development and supporting this sector.

**See relevant NRS below.**

**For Item #1**

**NRS 704.746 Public hearing on adequacy of plan; determination by Commission.**

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 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.

(Added to NRS by 1983, 887; A 1989, 1607; 1991, 524; [2007, 1773](#); [2009, 993, 1323](#))

**For Item #3**

**NRS 704.7821 Establishment of portfolio standard; requirements; treatment of certain solar energy systems; portfolio energy credits; renewable energy contracts and energy efficiency contracts; exemptions; regulations.**

1. For each provider of electric service, the Commission shall establish a portfolio standard. The portfolio standard must require each provider to generate, acquire or save electricity from portfolio energy systems or efficiency measures in an amount that is:

(a) For calendar years 2005 and 2006, not less than 6 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(b) For calendar years 2007 and 2008, not less than 9 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(c) For calendar years 2009 and 2010, not less than 12 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(d) For calendar years 2011 and 2012, not less than 15 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(e) For calendar years 2013 and 2014, not less than 18 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(f) For calendar years 2015 through 2019, inclusive, not less than 20 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(g) For calendar years 2020 through 2024, inclusive, not less than 22 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(h) For calendar year 2025 and for each calendar year thereafter, not less than 25 percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

2. In addition to the requirements set forth in subsection 1, the portfolio standard for each provider must require that:

(a) Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not less than:

(1) For calendar years 2009 through 2015, inclusive, 5 percent of that amount must be generated or acquired from solar renewable energy systems.

(2) For calendar year 2016 and for each calendar year thereafter, 6 percent of that amount must be generated or acquired from solar renewable energy systems.

(b) Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. If the provider intends to use energy efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission.

(c) If the provider acquires or saves electricity from a portfolio energy system or efficiency measure pursuant to a renewable energy contract or energy efficiency contract with another party:

(1) The term of the contract must be not less than 10 years, unless the other party agrees to a contract with a shorter term; and

(2) The terms and conditions of the contract must be just and reasonable, as determined by the Commission. If the provider is a utility provider and the Commission approves the terms and conditions of the contract between the utility provider and the other party, the contract and its terms and conditions shall be deemed to be a prudent investment and the utility provider may recover all just and reasonable costs associated with the contract.

3. If, for the benefit of one or more retail customers in this State, the provider has paid for or directly reimbursed, in whole or in part, the costs of the acquisition or installation of a solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity, the total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard.

4. The Commission shall adopt regulations that establish a system of portfolio energy credits that may be used by a provider to comply with its portfolio standard.

5. Except as otherwise provided in subsection 6, each provider shall comply with its portfolio standard during each calendar year.

6. If, for any calendar year, a provider is unable to comply with its portfolio standard through the generation of electricity from its own renewable energy systems or, if applicable, through the use of portfolio energy credits, the provider shall take actions to acquire or save electricity pursuant to one or more renewable energy contracts or energy efficiency contracts. If the Commission determines that, for a calendar year, there is not or will not be a sufficient supply of electricity or a sufficient amount of energy savings made available to the provider pursuant to renewable energy contracts and energy efficiency contracts with just and reasonable terms and conditions, the

Commission shall exempt the provider, for that calendar year, from the remaining requirements of its portfolio standard or from any appropriate portion thereof, as determined by the Commission.

7. The Commission shall adopt regulations that establish:

(a) Standards for the determination of just and reasonable terms and conditions for the renewable energy contracts and energy efficiency contracts that a provider must enter into to comply with its portfolio standard.

(b) Methods to classify the financial impact of each long-term renewable energy contract and energy efficiency contract as an additional imputed debt of a utility provider. The regulations must allow the utility provider to propose an amount to be added to the cost of the contract, at the time the contract is approved by the Commission, equal to a compensating component in the capital structure of the utility provider. In evaluating any proposal made by a utility provider pursuant to this paragraph, the Commission shall consider the effect that the proposal will have on the rates paid by the retail customers of the utility provider.

8. Except as otherwise provided in [NRS 704.78213](#), the provisions of this section do not apply to a provider of new electric resources as defined in [NRS 704B.130](#).

9. As used in this section:

(a) "Energy efficiency contract" means a contract to attain energy savings from one or more energy efficiency measures owned, operated or controlled by other parties.

(b) "Renewable energy contract" means a contract to acquire electricity from one or more renewable energy systems owned, operated or controlled by other parties.

(c) "Terms and conditions" includes, without limitation, the price that a provider must pay to acquire electricity pursuant to a renewable energy contract or to attain energy savings pursuant to an energy efficiency contract.

(Added to NRS by [2001, 2528](#); A [2003, 1866, 1876](#); [2005, 22nd Special Session, 82](#); [2007, 414](#); [2009, 996, 1399](#))

**NRS 704.78213 Establishment of portfolio standard for providers of new electric resources; requirements; treatment of certain solar energy systems.**

1. If the Commission issues an order approving an application that is filed pursuant to [NRS 704B.310](#) or a request that is filed pursuant to [NRS 704B.325](#) regarding a provider of new electric resources and an eligible customer, the Commission must establish in the order a portfolio standard applicable to the electricity sold by the provider of new electric resources to the eligible customer in accordance with the order. The portfolio standard must require the provider of new electric resources to generate, acquire or save electricity from portfolio energy systems or efficiency measures in the amounts described in the portfolio standard set forth in [NRS 704.7821](#) which is effective on the date on which the order approving the application or request is approved.

2. Of the total amount of electricity that a provider of new electric resources is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures.

3. If, for the benefit of one or more eligible customers, the eligible customer of a provider of new electric resources has paid for or directly reimbursed, in whole or in part, the costs of the acquisition or installation of a solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity, the total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider of new electric resources generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard.

4. As used in this section:

(a) "Eligible customer" has the meaning ascribed to it in [NRS 704B.080](#).

(b) "Provider of new electric resources" has the meaning ascribed to it in [NRS 704B.130](#).

(Added to NRS by [2009, 992](#))

**NRS 704.78215 Calculation of portfolio energy credits.**

1. Except as otherwise provided in this section or by specific statute, a provider is entitled to one portfolio energy credit for each kilowatt-hour of electricity that the provider generates, acquires or saves from a portfolio energy system or efficiency measure.

2. The Commission may adopt regulations that give a provider more than one portfolio energy credit for each kilowatt-hour of electricity saved by the provider during its peak load period from energy efficiency measures.

(Added to NRS by [2005, 22nd Special Session, 80](#))

**NRS 704.7822 Calculation of electricity generated or acquired from certain solar photovoltaic systems.** For the purpose of complying with a portfolio standard established pursuant to [NRS](#)

704.7821 or 704.78213, a provider shall be deemed to have generated or acquired 2.4 kilowatt-hours of electricity from a renewable energy system for each 1.0 kilowatt-hour of actual electricity generated or acquired from a solar photovoltaic system, if:

1. The system is installed on the premises of a retail customer; and
2. On an annual basis, at least 50 percent of the electricity generated by the system is utilized by the retail customer on that premises.

(Added to NRS by 2003, 805; A 2009, 999)

### **For Item #1**

NRS 701.190 Preparation of comprehensive state energy plan.

1. The Director shall prepare a comprehensive state energy plan which provides for the promotion of:
  2. The comprehensive state energy plan must include provisions for:
    - (f) The promotion of the development in this State of a curriculum for a program of renewable energy education and recycling education in kindergarten through grade 12.
    - (g) The promotion of the development by institutions of higher education in this State of research and educational programs relating to renewable energy.