

NEW ENERGY INDUSTRY TASK FORCE FINAL RECOMMENDATIONS

Recommendations for Legislation from May 26th Task Force Meeting:

- 1. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to require a utility to offer net metering to customer-generators in a manner consistent with systems under NRS Chapter 704 as it existed before the enactment of Senate Bill 374 by the 78th Session of the Nevada Legislature and notwithstanding any statute, rule, or determination of any kind by the PUCN to the contrary; provided that the customer-generator had an installed approved system or active NEM application on or before 12/31/15. For purpose of these sections, "active NEM application" means a completed net metering application time-stamped by the utility on or before 12/31/15 that has not expired. The grandfathered systems will be subject to the size of the solar system approved or outlined in the active application, will last for 20 continuous years, and remain with the home.

Background: The NEM program at NV Energy currently has 208.9 MW of installed capacity, provided by 23,737 customers in northern and southern Nevada. The PUCN's NEM decision has changed reimbursement rates for these customers who made a financial commitment through owned or leased systems. Grandfathering these customers under the original terms of the NEM program for 20 years will provide a reasonable amount of time to recoup the investment of these systems. In addition, the 208.9 MW is short of the NEM goal to install 235 MW of capacity within the state. Utilizing a size cap would be difficult to manage administratively under any grandfathering program so an application date should be used to eliminate a lengthy queue. Establishing 12/31/2015 as the application cut-off date would allow a maximum of 273.3 MW of installed capacity for NEM Phase 1. This date will provide flexibility for expected attrition of projects and reach the target of 235 MW.

Conclusion: The original recommendation brought to the Task Force by the TAC on Distributed Generation & Storage included a term of 25 years; however, the Task Force agreed that existing customer-generators should be grandfathered at the prior net metering rates for a term of 20 years.

Approved: May 26, 2016

Vote: 9 in favor; 1 opposed; 1 abstained

Notes: This recommendation was brought to the Task Force by the TAC on Distributed Generation & Storage and has been adopted into BDR 58-168 by the Governor's Office.

- 2. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to amend the Integrated Resource Planning (IRP) process, as set out in NRS 704.736, et seq., including the following revisions:

- Establish preference in NRS 704.746 for measures to reduce demand and increase supply that provide the greatest economic and environmental benefits and the greatest opportunity for the creation of new jobs in the state.
- Establish preference in NRS 704.746 for measures that diversify energy portfolios and reduce fuel-price and carbon-price risk.

Background: This recommendation would establish clear legislative direction for the PUCN to adequately evaluate the costs and benefits of clean energy sources. While NRS 704.746 allows the PUCN 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. Some believe 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 energy portfolios.

Conclusion: The Task Force believes this bill would require the PUCN 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.

Approved: May 26, 2016

Vote: 7 in favor; 1 opposed; 3 abstained

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources and has been adopted into BDR 58-167 by the Governor's Office of Energy.

- 3. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to amend the IRP process, as set out in NRS 704.746, to provide for a broader pre-filing process and greater inclusion of all stakeholders.

Background: Current regulations in NAC 704.952 require that at least 4 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.

Conclusion: The Task Force agreed that in order to allow for a more open and transparent planning process, the pre-filing process should be expanded to include greater participation by all interested persons. In order to accomplish this expansion, language from NAC 704.952(5) and (6) could be integrated into NRS 704.746(1), and include language that the utility shall meet with "staff, the personnel of the Bureau of Consumer Protection and all other 'interested persons' to provide an overview of the anticipated

filing”. PUCN staff would also be required to provide requisite notice to the public of the planning meetings to ensure all interested persons shall have timely notice.

Approved: May 26, 2016

Vote: Task Force approved unanimously

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources and combined into BDR 58-167 by the Governor’s Office of Energy.

- 4. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to promote energy efficiency policies which would specifically support legislation expressly giving the Public Utilities Commission of Nevada (PUCN) the authority, but not the mandate, to institute decoupling if found to be in the public interest.

Background: During a previous investigatory docket held by the PUCN on decoupling, there was support for some form of this regulatory tool, including support from PUCN Staff, the Bureau of Consumer Protection, Sierra Club, and NCARE. The TAC on Clean Energy Sources brought this recommendation to the Task Force after discussion at one of its meetings that the stated barrier to implementation was simply that the PUCN lacked legislative authority to implement this ratemaking mechanism. This recommendation merely clears this hurdle and allows the PUCN to look at decoupling as a ratemaking mechanism.

Conclusion: The Task Force agreed to recommend providing this clear legislative authority to allow the PUCN to consider decoupling without making any recommendations on the merits of decoupling.

Approved: May 26, 2016

Vote: 6 in favor; 1 opposed; 4 abstained

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources.

- 5. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to support legislation enabling Property Assessed Clean Energy (PACE) as outlined in Senate Bill 150 of the 2015 legislative session.

Background: PACE is a clean energy financing program that uses an existing special improvement district statute, NRS 271, et seq., to leverage private sector financing for renewable energy and energy efficiency improvements on private property, facilitating an increase in property values and saving consumers money by reducing energy costs. This

private sector financing is secured by a lien on the improved private property that will be superior to any mortgage held against the property. The recommendation for enabling legislation will support the economic development that can arise through municipal energy development plans, and support owners of private property to undertake improvements. Accordingly, it allows another avenue for Nevadans at all income levels to take advantage of renewable energy and energy efficiency opportunities.

Conclusion: The Task Force agreed that this financing program would provide additional opportunities for clean energy development. This enabling legislation will support municipal energy development plans, private property improvements and allow another avenue for Nevadans at all income levels to take advantage of renewable energy and energy efficiency opportunities.

Approved: May 26, 2016

Vote: Task Force approved unanimously

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources and has been adopted into BDR 22-233 by the Governor's Office of Energy.

6. **Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature consider a bill to delete the following energy statutes:
- Eliminate NRS 704.701 through NRS 704.731, which deals with converting oil power plants to coal.
 - Eliminate NRS 704.7823, which deals with reverse polymerization of tires.

Background: This recommendation simply eliminates a number of obsolete statutes governing energy. The first set of statutes, NRS 704.701 through 704.731, enacted in 1983, include provisions that would permit converting oil power plants to coal plants. This series of statutes describe the transfer of rates from and credits for these gas and oil plants when converted to coal plants. However, this rate and credit program has become obsolete for a number of reasons, including the fact that such plants do not currently exist for conversion purposes, and coal plants themselves are currently being phased out pursuant to SB 123.

The second statute, NRS 704.7823, was enacted to permit a technology for 'reverse polymerization' of tires used to create energy to partially count toward Nevada's Renewable Portfolio Standard with a .7 kWh multiplier for energy generated through this process. However, the entities seeking to obtain RPS credit for this technology were never actually developed or used it in Nevada. Since this technology has never been developed in Nevada, the CES TAC recommended deleting this industry specific RPS credit. Additionally, in order for Nevada to position itself on an equal footing with other western states regarding RPS tracking/trading, it is important to remove compliance exceptions from Nevada statutes. The Nevada Legislature has already removed the

multipliers for solar and this statutory deletion would serve as additional clean-up of the RPS statutes.

Conclusion: The Task Force agreed that these statutes are no longer relevant and should be deleted.

Approved: May 26, 2016

Vote: Task Force approved unanimously

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources.

Additional Recommendations Requiring Legislation:

- 7. Recommendation:** The New Energy Industry Task Force recommends that the 2017 Legislature establish a bill which shall constrain the amount of energy produced from fossil fuel sources (including, but not limited to, coal and natural gas) that is used to produce electricity that is consumed by electricity customers of electric utilities in Nevada that, in the most recently completed calendar year or in any other calendar year within the 7 calendar years immediately preceding the most recently completed calendar year, had a gross operating revenue of \$250,000,000, or more, in this State, and NRS 704B providers of new electric service in the State of Nevada to 60% of the total energy purchased or produced (total system energy) by 2026, with extended goals of 55% by 2033 and 50% by 2040. Furthermore, a specific preference shall be established for new clean electricity sources (i.e. renewable energy sources such as geothermal and solar) within the State of Nevada that provide the greatest economic benefits, environmental benefits, and opportunity for the creation of new jobs in this State.

If, for any calendar year, a provider is unable to comply with the percentage limit for the calendar year through the generation of electricity from its own in-state renewable energy systems and if the Commission determines that, for the calendar year, there is not or will not be a sufficient supply of electricity or a reliable supply of electricity made available to the provider pursuant to renewable energy contracts with just and reasonable terms and conditions, the Commission shall exempt the provider, for that calendar year, from its percentage limit or from any appropriate portion thereof, as determined by the Commission.

Background: The Governor's Accord for a New Energy Future, Nevada's Strategic Planning Framework, and Executive Order 2016-04 clearly define the need to diversify Nevada's energy portfolio and expand renewable energy for the benefit of Nevadans. Current planning (per approved Integrated Resource Plans filed by public utilities in the State) for Nevada's electric resource supply will lead to a substantial dependency on natural gas by 2035 with limited expansion of Nevada's renewable energy resources.

Renewable energy resources have become viable and cost-effective and provide economic, health, and environmental benefits to Nevadans.

Conclusion: The Task Force agreed on this “RPS Alternative” recommendation as a strategic plan to satisfy these goals for the State and provide a foundation for further advancement, while accounting for impacts to the ratepayer, reliability of the electrical grid system, and maximizing the benefits to Nevadans.

Approved: July 27, 2016

Vote: 6 in favor; 2 opposed; 1 abstained

Notes: This recommendation was brought to the Task Force by the TAC on Clean Energy Sources.

Additional Policy Recommendations:

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