

## **SB 448 – Key Points**

### **Transmission**

Nevada needs a strong high-voltage bulk transmission network to: (1) assure a reliable and resilient transmission grid that will accommodate future growth; (2) assist electric utilities in meeting clean energy goals in an efficient and cost-effective way by providing access to a more diverse supply of renewable resources across a regional footprint; (3) assist in Nevada’s policy goal of promoting economic development; (4) expand transmission access to renewable energy zones to promote the use of renewable energy; and (5) support development of regional transmission interconnections needed for Nevada’s full participation in a future competitive regional wholesale electricity market.

The bill requires NV Energy to file with the PUCN by September 1, 2021, as an amendment to its triennial resource plan, a high-voltage bulk transmission infrastructure plan that will meet these objectives, covering high-voltage transmission lines and associated facilities planned to be in operation by the end of 2028. The PUCN would issue a decision on the comprehensive high-voltage bulk transmission infrastructure plan within 165 days of filing.

The bill also: (1) creates a Regional Transmission Coordination Task Force to advise the Governor and the Legislature on actions needed to join or form a regional transmission organization; (2) allows the PUCN to assist the Task Force by investigating the potential costs and benefits of joining or forming a regional transmission organization; and (3) requires every transmission provider in this State to join a regional transmission organization on or before January 1, 2030, unless the Commission waives or delays this requirement.

### **Transportation Electrification (TE)**

The transportation sector now accounts for the greatest percentage of GHG emissions in Nevada, and meeting Nevada’s GHG emission goals will require accelerating the transition to EVs. Widespread adoption of EVs requires that electric utilities increase access to electricity as transportation fuel, including for low-income Nevadans, and historically underserved communities.

To jumpstart Nevada’s investment in the TE infrastructure needed, and provide the greatest economic recovery benefits and opportunities for new jobs, the bill provides for an initial investment by NV Energy of \$100 million from 2022-2024 in five “no regrets” programs with clear public benefits: (1) an Interstate Corridor Charging Depot Program; (2) an Urban Charging Depot Program; (3) a Public Agency Electric Vehicle Charging Program; (4) a Transit, School Bus and Transportation Electrification Custom Program; and (5) an Outdoor Recreation and Tourism Program. In order to ensure that these investments reach all Nevadans and to address higher rates of air pollution in some of the State’s most marginalized communities, 40% of the \$100 million in total expenditures on these five programs must be directed towards investments in historically underserved communities. NV Energy by September 1, 2021, will file an application with the PUCN for review and approval of its detailed proposals for the five programs.

Longer-term, the bill requires NV Energy to include as part of its triennial resource plan filings with the PUCN a comprehensive TE plan that will include a wider range of proposed programs,

incentives, or rate designs aimed at accelerating TE in Nevada. NV Energy will file its first comprehensive TE plan as an amendment to its 2021 resource plan by September 1, 2022. Prior to filing its comprehensive TE plan, the bill requires NV Energy to engage in a stakeholder engagement process to solicit comments and gather ideas for improvements or additions to the plan that will support TE.

### **Energy Efficiency**

Current law governing an electric utility's energy efficiency plan for its customers requires that not less than 5% of the total plan expenditures must be directed to energy efficiency programs for low-income customers. The bill amends the law to require that not less than 10% of total plan expenditures be spent on energy efficiency measures for customers in low-income households, and residential customers and public schools in historically underserved communities. The bill further provides that energy efficiency programs that offer variable incentive levels must offer higher incentive levels for low-income households.

### **Rooftop Solar**

An issue has been raised by the electric utilities as to whether the customer-generator of a net – metered distributed generation (rooftop solar) system located on the premises of a multi-unit residential or commercial building falls within the definition of “public utility”, as they are providing electricity to their tenants. The bill clarifies that such a customer-generator providing electricity to tenants on the premises will not be considered to be a “public utility” so long as: (1) the electricity is only delivered to persons located on the same premises as the net-metered system; (2) the residential or commercial units do not have individual meters measuring electricity use at the individual units; and (3) persons occupying the units are not charged for electricity based upon their volumetric usage at the person's individual unit.

### **Carbon Free Electricity**

An existing provision of Nevada law requires that electric utilities in their triennial resource plans compare a diverse set of scenarios of the best combination of sources of supply to meet forecast demands, or the best methods to reduce demands, including “at least one scenario of low carbon intensity”. The bill amends this law to: (1) replace “low carbon intensity” with “low carbon dioxide emissions”; (2) require utilities in their scenario of low carbon dioxide emissions to select resources consistent with achieving by 2050 an amount of energy production from zero carbon dioxide emission resources equal to the total amount of forecast demand; and (3) for supply plans filed on or before June 1, 2027, require utilities in their scenario of low carbon dioxide emissions to select resources consistent with achieving by 2030 a reduction in the utility's carbon dioxide emissions of at least 80%, as compared to the level of the utility's carbon dioxide emissions in 2005.

### **Energy Storage**

The Renewable Energy Tax Abatement (RETA) program has been successful in encouraging renewable energy developers to build projects in Nevada. Currently, the program allows partial tax abatements for facilities that generate electricity from renewable energy or generate process heat from solar renewable energy. The bill expands the RETA program to also cover energy storage facilities that store energy from renewable generation of electricity, and hybrid renewable generation and energy storage facilities.

## **Reopening the Economic Development Electric Rate Rider Program**

The Economic Development Electric Rate Rider (EDERR) Program was established by the Legislature in 2013 for the purpose of attracting new commercial and industrial businesses to Nevada. Administered by the PUCN, in consultation with the Governor's Office of Economic Development, the EDERR Program set aside up to 50 megawatts of capacity for which eligible businesses could receive declining percentage discounts over a period of years in the base tariff energy rate charged by an electric utility for their electricity use, and provided that the program would close to new participants on December 31, 2017, unless the 50 megawatts of capacity were fully allocated before that date. The EDERR Program closed to new participants on that date with approximately half of the 50 megawatts of capacity unallocated. The bill sets a new deadline of December 31, 2024 for businesses to apply for participation in the EDERR Program with respect to remaining capacity under the 50 megawatt cap, and changes the 8-year time period during which the declining percentage rate discounts apply from Years 1 through 8 to Years 3 through 10 of the required 10-year contract term.

## **Regulatory Issues**

- **Disposition of generation assets by an electric utility pursuant to a merger:** Amendment of NRS 704.7591 to clarify that an electric utility is not prohibited from disposing of its generation assets in a merger with an affiliated electric utility where both utilities are subject to comprehensive regulation by the PUCN, and the merger is approved by the PUCN.
- **Public utility burden of proving reasonableness and prudence of its expenses, investments and costs:** Language added to clarify that when the PUCN reviews any request by a public utility to establish or adjust any schedule, rate, toll or charge, there is no presumption of prudence for any recorded expenses, investments or other costs, and the public utility has the burden of proving reasonableness and prudence.