

EMERGENCY REQUEST of Speaker of the Assembly

Assembly Bill No. 498—Assemblyman Hambrick

CHAPTER.....

AN ACT relating to electric utilities; revising provisions relating to the emissions reduction and capacity replacement plan of an electric utility; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires an electric utility to file with the Public Utilities Commission of Nevada, as part of a triennial resource plan, a comprehensive plan for the reduction of emissions from coal-fired electric generating plants and the replacement of the capacity of such plants with increased capacity from renewable energy facilities and other electric generating plants. (NRS 704.7311-704.7322) **Section 1** of this bill generally provides that an electric utility must demonstrate to the satisfaction of the Commission the need for the construction or acquisition of, or contracting for, certain electric generating capacity and certain facilities for the generation of electricity. **Section 2** of this bill authorizes the Commission to approve certain contracts related to the electric utility's emissions reduction and capacity replacement plan if: (1) the contracts are entered into pursuant to a request for proposals authorized by the Commission; and (2) the Commission determines that the electric utility has satisfactorily demonstrated a need for the additional electric generating capacity acquired pursuant to such contracts.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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

Section 1. NRS 704.7316 is hereby amended to read as follows:

704.7316 1. An electric utility shall file with the Commission, as part of the plan required to be submitted pursuant to NRS 704.741, a comprehensive plan for the reduction of emissions from coal-fired electric generating plants and the replacement of the capacity of such plants with increased capacity from renewable energy facilities and other electric generating plants.

2. The emissions reduction and capacity replacement plan must provide:

(a) For the retirement or elimination of:

(1) Not less than 300 megawatts of coal-fired electric generating capacity on or before December 31, 2014;

(2) In addition to the generating capacity retired or eliminated pursuant to subparagraph (1), not less than 250



megawatts of coal-fired electric generating capacity on or before December 31, 2017; and

(3) In addition to the generating capacity retired or eliminated pursuant to subparagraphs (1) and (2), not less than 250 megawatts of coal-fired electric generating capacity on or before December 31, 2019.

↳ For the purposes of this paragraph, the generating capacity of a coal-fired electric generating plant must be determined by reference to the most recent resource plan filed by the electric utility pursuant to NRS 704.741 and accepted by the Commission pursuant to NRS 704.751.

(b) ~~For~~ *Except as otherwise provided in subparagraphs (3) and (7),* for the construction or acquisition of, or contracting for, 350 megawatts of electric generating capacity from renewable energy facilities. The electric utility shall:

(1) Issue a request for proposals for 100 megawatts of electric generating capacity from new renewable energy facilities on or before December 31, 2014;

(2) In addition to the request for proposals issued pursuant to subparagraph (1), issue a request for proposals for 100 megawatts of electric generating capacity from new renewable energy facilities on or before December 31, 2015;

(3) In addition to the requests for proposals issued pursuant to subparagraphs (1) and (2), *and upon a determination by the Commission that the electric utility has satisfactorily demonstrated a need for such electric generating capacity,* issue a request for proposals for *not more than* 100 megawatts of electric generating capacity from new renewable energy facilities ; ~~on or before December 31, 2016;~~

(4) Review each proposal received pursuant to subparagraphs (1), (2) and (3) and identify those renewable energy facilities that will provide:

(I) The greatest economic benefit to this State;

(II) The greatest opportunity for the creation of new jobs in this State; and

(III) The best value to customers of the electric utility;

(5) Negotiate, in good faith, to construct, acquire or contract with the renewable energy facilities identified pursuant to subparagraph (4), and file with the Commission an amendment to the plan each time the utility wishes to construct, acquire or contract with such facilities; ~~and~~

(6) Begin, on or before December 31, 2017, the construction or acquisition of a portion of new renewable energy facilities with a



generating capacity of ~~150~~ *approximately 15* megawatts to be owned and operated by the electric utility, and complete construction of such facilities on or before December 31, 2021 ~~H~~ ;
and

(7) After the effective date of this act, upon a determination by the Commission that the electric utility has satisfactorily demonstrated a need for such electric generating capacity, begin the construction or acquisition of new renewable energy facilities with a generating capacity of not more than 35 megawatts to be owned and operated by the electric utility.

➔ For the purposes of this paragraph, the generating capacity of a renewable energy facility must be determined by the nameplate capacity of the facility.

(c) For the electric utility to construct or acquire and own electric generating plants with an electric generating capacity of ~~1550~~ *496* megawatts, which must be constructed or acquired to replace, in an orderly and structured manner, the coal-fired electric generating capacity retired or eliminated pursuant to paragraph (a).

(d) After the effective date of this act, upon a determination by the Commission that the electric utility has satisfactorily demonstrated a need for such electric generating capacity, for the electric utility to construct or acquire and own electric generating plants with an electric generating capacity of not more than 54 megawatts, which must be constructed or acquired to replace, in an orderly and structured manner, the coal-fired electric generating capacity retired or eliminated pursuant to paragraph (a).

~~(d)~~ *(e)* If the plan includes the construction or acquisition of one or more natural gas-fired electric generating plants, a strategy for the commercially reasonable physical procurement of fixed-price natural gas by the electric utility.

~~(e)~~ *(f)* A plan for tracking and specifying the accounting treatment for all costs associated with the decommissioning of the coal-fired electric generating plants identified for retirement or elimination.

➔ For the purposes of this subsection, an electric utility shall be deemed to own, acquire, retire or eliminate only its pro rata portion of any electric generating facility that is not wholly owned by the electric utility and, except as otherwise provided in paragraph (b), “capacity” means an amount of firm electric generating capacity used by the electric utility for the purpose of preparing a plan filed with the Commission pursuant to NRS 704.736 to 704.754, inclusive.



3. In addition to the requirements for an emissions reduction and capacity replacement plan set forth in subsection 2, the plan may include additional utility facilities, electric generating plants, elements or programs necessary to carry out the plan, including, without limitation:

(a) The construction of natural gas pipelines necessary for the operation of any new natural gas-fired electric generating plants included in the plan;

(b) Entering into contracts for the transportation of natural gas necessary for the operation of any natural gas-fired electric generating plants included in the plan; and

(c) The construction of transmission lines and related infrastructure necessary for the operation or interconnection of any electric generating plants included in the plan.

Sec. 2. NRS 704.732 is hereby amended to read as follows:

704.732 1. An electric utility shall file with the Commission an amendment to the utility's emissions reduction and capacity replacement plan each time the utility requests approval and acceptance by the Commission of any contract with a new renewable energy facility as the result of a request for proposals pursuant to the current emissions reduction and capacity replacement plan. ~~The~~ *Except as otherwise provided in subsection 3, the Commission may approve and accept the renewable energy facility if the Commission determines that:*

(a) The facility is a renewable energy system as defined in NRS 704.7815; and

(b) The terms and conditions of the contract are just and reasonable and satisfy the capacity requirements set forth in subsection 2 of NRS 704.7316.

2. In considering a contract pursuant to subsection 1, the Commission shall, in addition to considering the cost to customers of the electric utility, give consideration to those contracts or renewable energy facilities that will provide:

(a) The greatest economic benefit to this State;

(b) The greatest opportunity for the creation of new jobs in this State; and

(c) The best value to customers of the electric utility.

3. The Commission may approve a contract as the result of the issuance of a request for proposals after the effective date of this act if the Commission:

(a) Authorizes the issuance of the request for proposals pursuant to a written order of the Commission issued after the effective date of this act; and



(b) Determines that the electric utility has satisfactorily demonstrated a need for the capacity that would be acquired or otherwise provided for pursuant to the contract.

Sec. 3. This act becomes effective upon passage and approval.



