

**PUBLIC UTILITIES COMMISSION OF NEVADA  
MEMORANDUM**

**DATE:** June 19, 2020

**TO:** The Commission  
Via Anne-Marie Cuneo, DRO

**FROM:** Anita Castledine, Economist, Resource and Market Analysis Division

**SUBJECT:** Agenda No. 15-20; Item No. 4B; Docket No. 20-04018  
Annual Report of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy on compliance with the Portfolio Standard for Renewable Energy for Compliance Year 2019.

---

**I. Summary of Application**

On April 14, 2020, pursuant to Nevada Revised Statutes (“NRS”) 704.7825, Nevada Administrative Code (“NAC”) 704.8877 and NAC 704.8879, Nevada Power Company d/b/a NV Energy (“NPC”) and Sierra Pacific Power Company d/b/a NV Energy (“SPPC”), collectively referred to as NV Energy, jointly filed an Annual Report (“Report”) regarding actions taken to comply with the Nevada Renewable Energy Portfolio Standard (“RPS”) for Compliance Year (“CY”) 2019. Under the provisions of NAC 704.8881, not later than 90 days after the date on which a provider submits its annual report, the Public Utilities Commission of Nevada (“Commission”) must issue an order stating whether the provider complied with its RPS requirement for the compliance year.

NV Energy states that both NPC and SPPC surpassed the 2019 RPS requirements. The Regulatory Operations Staff (“Staff”) of the Commission has completed its review of NV Energy’s Report and recommends that the Commission issue an order approving NV Energy’s Annual Report and confirming NPC’s and SPPC’s compliance with the 2019 RPS.

**II. Analysis and Investigation**

NRS 704.7821(1)(f) specifies the yearly RPS requirements applicable for CY 2019, mandating that 20 percent of total retail energy sales must come from renewable energy sources or energy efficiency measures. NRS 704.7821(2)(a)(2) also states that Demand Side Management (“DSM”) energy efficiency savings cannot account for more than 20 percent of the total RPS requirement. This memo details NV Energy’s compliance with these statutory requirements. Staff has also verified that this Report contains the reporting information required by NAC 704.8879(2) and provides further detail to follow.

**NPC RPS Requirements**

NPC reports adjusted retail sales of 19,461,909 megawatt hours (“MWh”) resulting in a total Portfolio Energy Credit (“PEC”) requirement for CY 2019 of 3,892,382 thousand PECs

(“kPECs”), of which no more than 778,476 kPECs can come from DSM programs.<sup>1</sup> NPC reports that it has exceeded the RPS requirements, ending CY 2019 with a surplus of 1,766,200 non-DSM kPECs and 4,215,441 DSM kPECs. A summary of NPC’s PECs is provided in Table 1 below. This surplus will be NPC’s carry forward for the next compliance year.

**Table 1. NPC’s PEC Summary (in kPECs)**

NPC	Non-DSM	DSM	Total
Prior Year Carry Forward <sup>1</sup>	898,930	4,290,256	5,189,186
PECs Acquired in 2019 <sup>1</sup>	4,585,984	703,661	5,289,645
Repayment to SPPC <sup>2</sup>	(300,000)		(300,000)
704B Exit Obligations <sup>3</sup>	(261,008)		(261,008)
Credit Sales to SPPC <sup>4</sup>	(600)		(600)
NGR 2 Credit Sales <sup>4</sup>	(43,200)		(43,200)
<b>Total</b>	<b>4,880,106</b>	<b>4,993,917</b>	<b>9,874,023</b>
Retirements for 2019 RPS	(3,113,906)	(778,476)	(3,892,382)
<b>Surplus Carry Forward</b>	<b>1,766,200</b>	<b>4,215,441</b>	<b>5,981,641</b>

<sup>1</sup> Report, Section 5.1.

<sup>2</sup> Report, Section 3.17, 4.18, 3.18 and 5.1.

<sup>3</sup> Report, Section 3.3.

<sup>4</sup> Report, Section 3.2 and 3.10.

#### SPPC RPS Requirements

SPPC reports adjusted retail sales of 8,845,636 MWh resulting in a total PEC requirement of 1,769,127 kPECs for CY 2019, of which no more than 353,825 kPECs can come from DSM programs. SPPC reports that it has exceeded the RPS requirements, ending CY 2019 with a surplus of 358,654 non-DSM kPECs and 472,232 DSM kPECs. A summary of SPPC’s PECs is provided in Table 2 below. This surplus will be SPPC’s carry forward for the next compliance year.

**Table 2. SPPC’s PEC Summary (in kPECs)**

SPPC	Non-DSM	DSM	Total
Prior Year Carry Forward <sup>1</sup>	329,778	715,584	1,045,362
PECs Acquired in 2019 <sup>1</sup>	1,172,426	110,473	1,282,899
Repayment from NPC <sup>2</sup>	300,000		300,000
704B Exit Obligations <sup>3</sup>	(18,303)		(18,303)
Other Obligations <sup>4</sup>	(9,124)		(9,124)
NGR 1 Retirements <sup>5</sup>	(221)		(221)
NGR 2 Sales <sup>5</sup>	(600)		(600)
<b>Total</b>	<b>1,773,956</b>	<b>826,057</b>	<b>2,600,013</b>
Retirements for 2019 RPS	(1,415,302)	(353,825)	(1,769,127)
<b>Surplus Carry Forward</b>	<b>358,654</b>	<b>472,232</b>	<b>830,886</b>

<sup>1</sup> Senate Bill 358 (2019) adjusted the RPS calculation by permitting retail providers to exclude retail sales under a Commission-approved optional pricing program where the provider either transfers PECs to the customer or retires PECs above the RPS on behalf of the customer from retail sales subject to the RPS compliance.

---

<sup>1</sup> Report, Section 5.2.

<sup>2</sup> Report, Section 3.17, 4.18, 4.19 and 5.2.

<sup>3</sup> Report, Section 4.3

<sup>4</sup> Report, Section 4.4.

<sup>5</sup> Report, Section 4.2. and 4.11

Staff verified the PECs NPC and SPPC claimed towards the renewable energy supplies as reported to the Nevada Tracks Renewable Energy Credits (NVTREC) database and the Western Renewable Energy Generation Information System (WREGIS), insofar as the energy claimed for each facility is no more than the total production reported for each facility. To complete the necessary verification for purposes of NV Energy's RPS requirements for 2019, Staff also recommends that the Commission issue a compliance that mandates that NPC and SPPC file evidence of their PEC retirements consistent with Tables 1 and 2 within 30 days of a final order in this proceeding. The evidence filed for this compliance shall include a summary of the certificate serial numbers retired.

### DSM PECs

Pursuant to NRS 704.7821(2)(a), no more than 20 percent of the total RPS PECs claimed in 2019 can come from DSM energy efficiency savings. Under the 20 percent limitation, NPC can use up to 778,476 DSM kPECs and SPPC can use up to 353,825 DSM kPECs to meet their respective 2019 RPS requirements. At the beginning of 2019, NPC had a carry forward balance of 4,290,256 DSM kPECs and is claiming an additional 703,661 kPECs derived from 2018 DSM savings.<sup>2</sup> SPPC had a carry forward balance of 715,584 DSM kPECs and is claiming an additional 110,473 kPECs derived from 2018 DSM savings. Therefore, both companies have enough DSM PECs to use the full DSM allowance. Staff verified that at least 50 percent of the energy savings used to derive the DSM PECs being claimed by NPC and SPPC came from energy efficiency measures installed at service locations of residential customers pursuant to NRS 704.7821(2).

### Joint Pool Accounting<sup>3</sup>

NV Energy summarizes NPC's and SPPC's joint pool accounting in Table 3-11 and Table 4.11, respectively, of the Report. At the beginning of 2019, NPC owed SPPC 1,783,438 non-solar/non-DSM kPECs from withdrawals NPC made from the joint pool in 2007, 2008, and 2009. In 2019, NPC transferred 300,000 non-solar/non-DSM kPECs to SPPC, reducing the balance owed to SPPC to 1,483,438 kPECs.<sup>4</sup> NPC states that it intends to continue annual payments until 2021, when the debt will be paid in full.

---

<sup>2</sup> In its Annual Report for CY 2018 (Docket No. 19-04010), NV Energy did not claim PECs derived from 2018 DSM savings, opting instead to include the certification of DSM PECs for 2018 in its Annual Report for CY 2019. The RPS annual report is filed in the spring, and the measurement and verification reports are filed later in the year as a part of the annual DSM reports. Delaying the certification of DSM PECs and the associated carry forward request until the following compliance year enables the RPS compliance year report to contain all the approved or accepted measurement and verification results that are necessary to make a decision on the DSM-derived PECs. NV Energy states that unless the Commission directs otherwise, NV Energy will continue this process of delaying the approval of the annual DSM carry forward as long as the carry forward from the prior year is adequate to provide the full contribution that is allowed for compliance from DSM PECs.

<sup>3</sup> As approved by the Commission in Docket No. 08-04002 (Annual Report of NPC and SPPC on compliance with the Portfolio Standard for Renewable Energy for CY 2007), NPC and SPPC created a joint pool of solar and non-solar PECs to make surplus PECs available for use by either company.

<sup>4</sup> Table 4.11 incorrectly states the number of solar credits deposited by SPPC in 2019. Staff confirmed with NV Energy that the correct number is 28,876 kPECs resulting in an ending balance of 358,654 kPECs.

## 2019 NRS Chapter 704B Agreements

In NPC's service territory, Wynn Las Vegas, LLC ("Wynn"), MGM Resorts International ("MGM"), and Caesars Enterprise Services, LLC ("Caesars") received Commission approval to purchase energy, capacity, and/or ancillary services from a provider of new electric resources.<sup>5</sup> Both Wynn and MGM departed NPC as bundled customers in 2016. Caesars departed NPC as a bundled customer in 2018.

Pursuant to the Commission's Orders in the respective dockets, MGM, Wynn, and Caesars are entitled to a portion of the PECs associated with their continued Renewable-Base Tariff Energy Rate and Renewable Energy Program Rate ("REPR") payments. MGM, Wynn, and Caesars are also responsible for repaying their share the outstanding balance of the non-solar PECs that NPC owed to SPPC at the time of their departure. MGM's, Wynn's, and Caesars's annual repayment obligation will be subtracted from their annual PEC allotment. As a result, in 2019, NPC transferred 28,463 kPECs to Wynn, 150,924 kPECs to MGM, and 81,621 kPECs to Caesars. Further discussion of NPC's NRS Chapter 704B credit obligations can be found in Section 3.3 of the Report.

In SPPC's service territory, both Caesars and Peppermill Casinos Inc. ("Peppermill") have received Commission approval to purchase energy, capacity, and/or ancillary services from a provider of new electric resources.<sup>6</sup> Both Caesars and Peppermill departed SPPC as bundled customers in 2018.

Pursuant to the Commission's Orders in the respective dockets, Caesars and Peppermill are entitled to a fixed amount of kPECs associated with their payment of utility-scale renewable contracts and REPR charges, to be made in three annual deliveries after the end of each calendar year for 2018, 2019, and 2020. Caesars and Peppermill are also entitled to receive their share of the outstanding balance of the non-solar PECs that NPC owed to SPPC at the time of their departure. As a result, in 2019, SPPC transferred 9,250 kPECs to Caesars, and 9,053 kPECs to Peppermill. Further discussion of SPPC's NRS Chapter 704B credit obligations can be found in Section 4.3 of the Report.

## NV GreenEnergy Rider Tariff

NPC's Schedule NV GreenEnergy Rider ("NGR") tariff allows customers of the LGS-1 class or larger to enter into a special contract with NPC to procure (construct or dedicate) renewable energy from a specific renewable resource. Section 3.2 of the Report describes NPC's NGR agreements with the City of Las Vegas and Switch Ltd. ("Switch"), and its agreement to sell credits to SPPC as part of an NGR agreement approved by the Commission between SPPC and Truckee Meadows Community College ("TMCC"). NPC's 2019 credit sales under NGR are summarized in Table 3-6 of the Report.<sup>7</sup>

---

<sup>5</sup> See Commission's Order in Docket No. 15-05006, Docket No. 15-05017, and Docket No. 16-11034, respectively.

<sup>6</sup> See Commission's Order in Docket No. 16-11035 and Docket No. 17-05014, respectively.

<sup>7</sup> Footnote 1 to Table 3-6 incorrectly states the number of PECs transferred to Switch. Staff confirmed with NV Energy that the correct number is 288,299 kPECs. Footnote 2 to Table 3-6 incorrectly states that 72,000 kPECs per year or 6,000 kPECs per month are to be transferred to SPPC. Staff confirmed with NV Energy that the correct unit should be PECs not kPECs.

Option 1 of SPPC's NGR tariff allows customers of any class to purchase either 50 percent or 100 percent of their energy needs from renewable resources. Option 2 allows customers of the GS-2 class or larger to enter into a special contract with SPPC to procure renewable energy from a specific renewable resource. Ordering Paragraph 6 of the Commission's Order issued June 13, 2013, in Docket No. 12-11023 directed SPPC to report the participation levels and quantities of PECs committed for Option 1 as part of the RPS annual report.<sup>8</sup> In Section 4.2 of the Report, SPPC states that 47 residential customers and two commercial customers were enrolled in Option 1 of the NGR tariff as of December 31, 2019. Under the terms of the NGR tariff, SPPC received \$7,879 in total 2019 revenue for Option 1 and will retire 221 kPECs.

Section 4.2 of the Report also describes SPPC's NGR agreements with Apple Inc., Switch and TMCC under Option 2. SPPC's 2019 credit sales under NGR are summarized in Table 4.6 of the Report.

#### Surplus PEC Sales

NAC 704.8881(2) requires the Commission to determine if NV Energy is authorized to carry forward any excess PECs pursuant to NRS 704.7828. NRS 704.7828 requires that if surplus PECs exceed the RPS for any calendar year by *more than 10 percent but less than 25 percent* of the amount of PECs necessary to comply with its RPS for the subsequent calendar year, the provider may sell any PECs which are in excess of 10 percent of the amount of PECs necessary to comply with its RPS for the subsequent calendar year; and, if the provider exceeds the RPS for any calendar year by *25 percent or more* of the amount of PECs necessary to comply with its RPS for the subsequent calendar year, the provider shall use reasonable efforts to sell any PECs which are in excess of 25 percent of the amount of PECs necessary to comply with its RPS for the subsequent calendar year.

NV Energy provides the calculations of 2019 surplus PECs in excess of 10 percent and 25 percent of the 2020 estimated RPS requirement that may be sold by NPC and SPPC in Tables 3-3 and 4-3 of the Report, respectively. NPC has no surplus PECs over the 10 percent threshold. SPPC ended 2019 with 169,483 kPECs in excess of 10 percent, and zero surplus kPECs in excess of 25 percent. According to the Report, SPPC will not issue a reverse RFP in 2020 because it had no surplus credits in excess of the 25 percent threshold.

### **III. Notice and Subsequent Action**

On April 20, 2020, the Commission issued a notice that allowed interested and affected persons to file petitions for leave to intervene made pursuant to NAC 703.578 through 703.600 at either of the Commission's offices on or before Wednesday, May 13, 2020. No such documents were received.

### **IV. Conclusion and Recommendation**

The information submitted by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy in its Annual Report demonstrates that both Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy are in compliance with the requirements of the 2019 Nevada Renewable Energy Portfolio Standard. Staff has verified that the Report contains the reporting information required by NAC 704.8879(2).

---

<sup>8</sup> Application of SPPC filed under Advice Letter No. 541-E to establish Schedule NV GreenEnergy Rider for a voluntary green energy pricing program.

Therefore, Staff recommends that the Commission issue an order:

- Accepting the Annual Report jointly filed by Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy as compliant with NAC 704.8879;
- Finding that Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy have complied with the renewable portfolio standard for Compliance Year 2019;
- Authorizing Nevada Power Company d/b/a NV Energy to carry forward 1,766,200 non-Demand Side Management kPECs, and 4,215,441 Demand Side Management kPECs;
- Authorizing Sierra Pacific Power Company d/b/a NV Energy to carry forward 358,654 non-Demand Side Management kPECs, and 472,232 Demand Side Management kPECs;
- Requiring Nevada Power Company d/b/a NV Energy to file with the Commission, as a compliance, evidence of its PEC retirements consistent with Table 1 within 30 days of a final order in this proceeding, including specific evidence of a summary of the certificate serial numbers retired; and
- Requiring Sierra Pacific Power Company d/b/a NV Energy to file with the Commission, as a compliance, evidence of its PEC retirements consistent with Table 2 within 30 days of a final order in this proceeding, including specific evidence of a summary of the certificate serial numbers retired.