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18-09008

Public Utilities Commission of Nevada  
Electronic Filing

Submitted: 7/15/2020 10:52:23 AM

Reference: 506c8485-4433-4e2d-b3ab-be6b43b61fbd

Reference:

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10 **BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

11 Investigation and Rulemaking to examine current  
12 regulations governing Nevada's Renewable Portfolio  
13 Standard to determine whether providers of electric service  
14 should be authorized to utilize alternative solutions,  
15 including, but not limited to, blockchain-based solutions to  
16 track and certify Nevada portfolio energy credits.

Docket No. 18-09008

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20 **REGULATORY OPERATIONS STAFF'S COMMENTS**

21 The Regulatory Operations Staff ("Staff") of the Public Utilities Commission of Nevada  
22 ("Commission") submits these Comments pursuant to Procedural Order No. 2 ("PO 2"). PO 2 requested  
23 Comments on: (1) preferred next steps in this Docket and (2) new information or updates. Staff addresses  
24 these issues below.

25 **I. PROCEDURAL HISTORY**

26 The Commission opened this Docket on September 26, 2018, "[t]o determine whether providers  
27 of electric service should be authorized to utilize alternative solutions, including, but not limited to,  
28 blockchain-based solutions, to track and certify Nevada portfolio energy credits." *Investigation &*  
*Rulemaking to Examine Current Regulations Governing Nevada's Renewable Portfolio Standard*, Docket  
No. 18-09008, 2019 WL 1367646, at \*1 (Nev. P.U.C. Mar. 20, 2019). Comments were filed on April 15,  
2019, and a Workshop occurred on May 16, 2019. NV Energy ("NVE"), Energy Web Foundation, and  
Blockchains, LLC filed a letter on September 20, 2019. The letter described a portfolio energy credits  
("PECs") pilot project, and potential next steps for this Docket. PO 2 was issued on June 4, 2020.

29 **II. PREFERRED NEXT STEPS**

30 Staff respectfully proposes four next steps for this Docket. **First**, an educational workshop on  
31 blockchain technology should occur. This workshop will inform the Commission and Staff about how  
32 blockchain technology works, along with its advantages and disadvantages. **Second**, educational  
33 workshops on alternative solutions—that are not based on blockchain—should take place. Such

1 workshops will apprise the Commission and Staff about how these technologies work, along with their  
2 advantages and disadvantages. Educational workshops will foster a robust discussion and comprehensive  
3 assessment of this Docket’s issues. **Third**, NVE and Blockchains, LLC should provide a detailed written  
4 status update about their proof of concept pilot project. This status update should be comprehensive,  
5 specifying the project’s goals, timeline, outcomes, costs, metrics, and any other information that the  
6 Commission requests. **Fourth**, NVE and Blockchains, LLC should conduct a workshop on their pilot  
7 project. This workshop should be a transparent, interactive, and accessible experience. Ultimately, Staff’s  
8 proposed next steps will help the Commission determine whether to authorize the use of alternative  
9 solutions, including, but not limited to, blockchain-based solutions to track and certify Nevada PECs.

10 **III. NEW INFORMATION OR UPDATES**

11 Upon information and belief, NVE and Blockchains, LLC have stated that they are making  
12 progress on the proof of concept that was discussed in their letter filed on September 20, 2019. Staff looks  
13 forward to NVE and Blockchains, LLC providing the Commission with details about the proof of concept.

14 **IV. OVERARCHING CONSIDERATIONS**

15 Blockchains, LLC’s April 15, 2019, Comments stated that public blockchain is transparent and  
16 cannot be controlled by a single stakeholder.<sup>1</sup> These principles (i.e., transparency and lack of single-  
17 stakeholder control) should influence this Docket’s proceedings, including NVE and Blockchains, LLC’s  
18 proof of concept. Educational workshops—and NVE and Blockchains, LLC’s comprehensive status  
19 update of their proof of concept—should be transparent and not subject to single-stakeholder control. In  
20 furtherance of these principles, Staff identifies below several overarching considerations that are also  
21 relevant to this Docket’s focus: whether the Commission should authorize the use of alternative solutions  
22 to track and certify Nevada PECs.

- 23 • Does blockchain, or another alternative solution, improve the current system?
- 24 • How can blockchain, or another alternative solution, improve the current system?
- 25 • How does blockchain work?
- 26 • How do other alternative solutions work?

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27 <sup>1</sup> Blockchains, LLC’s Comments, 1 (“[P]ublic blockchain technology [is] ideal for a reliable Alternative System of  
28 tracking and certifying Nevada PECs, as such a system would be transparent and could not be controlled by a single  
stakeholder.”) (filed Apr. 15, 2019, in PUCN Docket No. 18-09008).

- 1 • How is blockchain different from other generally available systems?
- 2 • What will be the timeline for implementing a blockchain-based solution?
- 3 • What will be the costs of a blockchain-based solution?
- 4 • What will be the benefits of a blockchain-based solution?
- 5 • Will the benefits of a blockchain-based solution outweigh its costs?
- 6 • How will a blockchain-based solution help ratepayers?
- 7 • How will a blockchain-based solution harm ratepayers?


8 Notably, the Commission should ensure that any alternative to track and certify PECs is not a  
9 solution in search of a problem. This is especially important in light of Nevada's state of fiscal emergency,  
10 and the uncertainty caused by the coronavirus pandemic. If the Commission is going to devote resources  
11 to investigating, researching, reviewing, and potentially authorizing the use of an alternative solution to  
12 tracking and certifying PECs, then there should be a showing that the benefits to be gained will more than  
13 marginally outweigh the costs. Such a showing requires an understanding of the status quo, and a precise  
14 description of how an alternative will improve the status quo by addressing a specific problem. Proponents  
15 of an alternative bear the burden of making this showing. All told, Staff's overarching considerations  
16 perpetuate transparency, avoid single-stakeholder control, and are relevant to this Docket's focus.

17 **V. CONCLUSION**

18 Staff appreciates the opportunity to respond to PO 2, and looks forward to learning about NVE  
19 and Blockchains, LLC's proof of concept and other alternative solutions to track and certify PECs.

20 RESPECTFULLY SUBMITTED this 15th day of July, 2020.

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22 PUBLIC UTILITIES COMMISSION OF NEVADA  
23 REGULATORY OPERATIONS STAFF

24  
25 By:  for  
26 Jesse N. Panoff, Assistant Staff Counsel

**PROOF OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding by electronic mail to the recipient's current electronic mail address properly addressed to:

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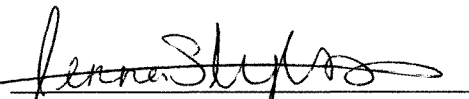
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DATED at Carson City, Nevada, on the 15<sup>th</sup> day of July 2020.

  
An employee of the Public Utilities  
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