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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Investigation and rulemaking to implement the provisions of SB 65 (2017).)) Docket No. 17-07020)))

COMMENTS OF WESTERN RESOURCE ADVOCATES, ENVIRONMENTAL DEFENSE FUND, AND INSTITUTE FOR POLICY INTEGRITY

Western Resource Advocates (“WRA”), the Environmental Defense Fund (“EDF”), and the Institute for Policy Integrity (“Policy Integrity”) submit the following Comments in support of the proposed regulations implementing Senate Bill 65 (“SB 65”), as filed in this docket on July 2, 2018.

WRA, EDF, and Policy Integrity support these changes to the resource planning regulations. The proposed regulations will improve the effectiveness of resource planning in Nevada, thereby improving the investments made by electric utilities, and the overall outcome for consumers. In addition, we commend the Commission for holding a thorough stakeholder process to develop the draft regulations.

In sum, the proposed regulations support the Legislature’s directive in SB 65 to give preference to those measures and sources of supply that provide the greatest economic and environmental benefits to the State, including measures and sources of supply that “[p]rovide for diverse electricity supply portfolios and which reduce customer exposure to the price volatility of fossil fuels and the potential costs of carbon.”¹

¹ Section 6, amending NRS 704.746(5); NRS 704.746(5)(e).

1 The proposed regulations will achieve the following specific benefits:

- 2 • Improve the analysis of how Integrated Resource Plan (“IRP”) portfolios reduce
3 consumer exposure to the price volatility of fossil fuels;
- 4 • Improve the quantification of an IRP’s environmental impacts, including the impacts of
5 greenhouse gas emissions, giving the Commission better tools to provide preference for
6 portfolios that optimize environmental benefits;
- 7 • Improve transparency, by requiring utilities to include basic tables and graphs in the IRP
8 showing projected fuel mixes and projected carbon dioxide emissions; and
- 9 • Improve stakeholder engagement by directing utilities to present to stakeholders an
10 overview of an anticipated filing of an IRP or amendment in advance of its filing.

11 We expect that, once fully implemented, the new regulations will provide valuable additional
12 information in the resource planning process.

13 As the comments previously filed by WRA, EDF, and Policy Integrity articulated,² the
14 values provided by the Interagency Working Group for quantifying the Social Cost of Carbon
15 are appropriate measures to use in calculating the Present Worth of Societal Costs in Nevada.
16 The proposed regulation supports the use of the IWG’s values. Building on our earlier comments,
17 we provide an update on other jurisdictions that have begun or are considering using the IWG’s
18 estimates of the Social Cost of Carbon in energy policy since November 20, 2017.

19 **California**

20 On March 14, 2018, the California Public Utilities Commission Energy Division staff
21 issued a proposal to adopt a Societal Cost Test for bid evaluation in competitive solicitations for
22 Distributed Energy Resources. The staff’s proposal recommends that the greenhouse gas adder
23

24 ² WRA, EDF, and Policy Integrity provided written comments on October 11, 2017, October 17, 2017, and
November 20, 2017.

1 for the Societal Cost Test be based upon the Interagency Working Group’s Social Cost of Carbon
2 values.³

3 **Colorado**

4 In March 2017, the Colorado Public Utilities Commission ordered that the Public Service
5 Company of Colorado (“PSCo”) take into account the social costs of carbon in its Electric
6 Resource Plan (“ERP”).⁴ On June 6, 2018, as part of the second phase of Colorado’s resource
7 planning process, PSCo filed its 120-Day Report, which presents a financial analysis of different
8 energy portfolios.⁵ The report included an evaluation of the “Colorado Energy Plan Portfolio”
9 (“CEPP”). In addition to evaluating other sensitivities, such as varying natural gas prices,
10 discount rates, and other factors, PSCo calculated the impact of the social cost of carbon. PSCo
11 used the social cost of carbon values developed by the Interagency Working Group, specifically,
12 the central estimate of damages, discounted at a 3% rate. PSCo’s modeling found that the
13 Preferred CEPP provides savings of \$213 million (NPV, compared to a base case portfolio);
14 when the social cost of carbon was included, the benefits of the Preferred CEPP rise to over \$1.0
15 billion (NPV).

20 ³ California Public Utilities Commission, Administrative Law Judge’s Ruling Seeking Responses to Questions and
21 Comment on Staff Amended Proposal on Societal Cost Test, Staff Proposal Addendum #2 at 8 & 9-12, Order
22 Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning and Evaluation
of Integrated Distributed Energy Resources, Rulemaking No. 14-10-003 (March 14, 2018), *available at*
<http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M212/K023/212023660.PDF>.

23 ⁴ Colorado PUC, Decision No. C17-0316, In the Matter of the Application of Public Service Company of
Colorado for Approval of its 2016 Electric Resource Plan, Proceeding No. 16A-0396E, available at
https://www.dora.state.co.us/pls/efi/efi_p2_v2_demo.show_document?p_dms_document_id=863402.

24 ⁵ Public Service Company of Colorado, 2016 Electric Resource Plan 120-Day Report, CPUC Proceeding No. 16-
A-0396E.

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Minnesota

On January 3, 2018, the Minnesota Public Utilities Commission’s issued its final written order designating the IWG approach as the “best framework in the record from which to establish a range of environmental costs associated with CO₂ emissions for purposes of Minnesota’s Environmental Cost Statute.”⁶ The Commission explained, “The degree of rigor employed in the development of these cost values, and the timeliness of the underlying data and analyses, far exceeds any other framework in the record The modeling inputs and parameters relied on the most credible and widely used sources of information in the scientific literature.”⁷ The Commission adopted these IWG values, with some modifications, for evaluating environmental costs as required by state statute.

New York

In addition to the Zero Emissions Credit program described in our November 20, 2017 comments, New York’s Integrating Public Policy Task Force (“IPPTF”), jointly run by the New York Independent System Operator and New York Department of Public Service, is evaluating various possible options for including a carbon price, such as the Social Cost of Carbon, in the state’s wholesale electricity market.⁸

⁶ Minnesota PUC, Order Updating Environmental Cost Values at 15, In the Matter of the Further Investigation into Environmental and Socioeconomic Costs Under Minnesota Statutes Section 216B.2422, Subdivision 3, Docket No. E-999/CI-14-643 (Jan. 3, 2018), *available at* <https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId=%7B5066BD60-0000-C71B-9B5B-305CF65BCAE1%7D&documentTitle=20181-138585-01>.

⁷ *Id.*

⁸ See Michael Kuser, *NY Looks at Social Cost of Carbon, Modeling*, RTO INSIDER (Apr. 25, 2018), *available at* <https://www.rtoinsider.com/social-cost-of-carbon-scc-carbon-pricing-91253/>

1 **Washington**

2 On May 7, 2018, the Washington Utilities and Transportation Commission (“UTC”)
3 issued Acknowledgment Letters responding to the Integrated Resource Plan filings of the state’s
4 three regulated utilities: Avista, Pacific Power, and Puget Sound Energy.⁹ The
5 Acknowledgement Letters instructed the utilities to begin using a social cost of carbon value in
6 their IRP alternatives analysis to determine the “lowest reasonable cost” resources as defined in
7 Washington Administrative Code § 480-100-238. The UTC recommended, but did not mandate,
8 use of the IWG’s methodology for calculating the social cost of carbon. In particular, the UTC
9 instructed that the social cost of carbon values in future Integrated Resource Plans “should come
10 from a comprehensive, peer- reviewed estimate of the monetary cost of climate change damages,
11 produced by a reputable organization. We suggest using the Interagency Working Group on
12 Social Cost of Greenhouse gases estimate with a three percent discount rate.”¹⁰

13 Washington currently has a rulemaking proceeding open to consider potential changes to
14 existing rules to reflect technological change and current best practices in WAC-480-100-238;
15 Integrated Resource Planning (Electric), WAC 480-90-238, Integrated Resource Planning
16 (Natural Gas); and WAC-480-107, Electric Companies — Purchases of Electric from
17 Qualifying Facilities and Independent Power Producers and Purchases of Electrical Savings from
18 Conservation Suppliers.¹¹

19 _____
20 ⁹ The relevant docket numbers are: (1) Puget Sound Energy: UE-160918, UG-160919; Avista: UE-161036, UG-
21 160292; Pacific Power: UE-160353. *See also* Washington Utilities and Transportation Commission, Energy
22 Regulators Want Closer Look at Utilities’ Coal Plant Costs, Press Release (May 7, 2018),
<https://www.utc.wa.gov/aboutUs/Lists/News/DispForm.aspx?ID=527>; Peter Maloney, *Washington Utilities Need
Better Carbon Cost Estimates in IRPs, Regulator Says*, UTILITY DIVE (May 9, 2018),
[https://www.utilitydive.com/news/washington-utilities-need-better-carbon-cost-estimates-in-irps-regulator-
s/523095/](https://www.utilitydive.com/news/washington-utilities-need-better-carbon-cost-estimates-in-irps-regulator-s/523095/).

23 ¹⁰ *E.g.*, 2017 Electric IRP Acknowledgement Letter, Attachment, Pacific Power & Light Company 2017 Integrated
24 Resource Plan, Docket No. UE-160353, at 11 (May 7, 2018), *available at*
[https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/GetDocument.aspx?docID=862&year=2016&docketNu
mber=160353](https://www.utc.wa.gov/_layouts/15/CasesPublicWebsite/GetDocument.aspx?docID=862&year=2016&docketNumber=160353).

¹¹ See: <https://www.utc.wa.gov/docs/Pages/DocketLookup.aspx?FilingID=U-161024>

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Conclusion

WRA, EDF, and Policy Integrity support the proposed regulations implementing SB 65, and believe they provide important improvements to the integrated resource planning process in Nevada. The proposed regulations – and specifically the directive to consider the cost of carbon emissions using the Interagency Working Group’s Social Cost of Carbon – are in line with other state utility commissions’ efforts to evaluate the economic and environmental impact of carbon emissions. We recommend the Commission adopt the proposed regulations in their current form.

DATED July 25th, 2018.

Respectfully submitted,



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CERTIFICATE OF MAILING

Docket No. 17-07020

I hereby certify that I have on this date served the foregoing document upon all parties of record in this proceeding by electronic mail to the recipient’s current electronic mail address, facsimile, or mailing a true copy thereof, properly addressed with postage prepaid or forwarded as indicated below to:

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