

ASSEMBLY BILL NO. 418—ASSEMBLYMEN DE BRAGA, BACHE, DINI,  
BUCKLEY, GIUNCHIGLIANI, CHOWNING AND PERKINS

MARCH 19, 2001

Referred to Select Committee on Energy

SUMMARY—Revises provisions concerning conservation of energy and use of alternative sources of energy. (BDR 58-1198)

FISCAL NOTE: Effect on Local Government: Yes.  
Effect on the State: Yes.

~

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

AN ACT relating to energy; expanding the list of primary sources of fuel that may be used by a net metering system; revising the portfolio standard that the public utilities commission of Nevada must establish for renewable energy resources; requiring the commission on economic development to disseminate to smaller counties certain information regarding plants and other facilities that a utility proposes to construct or locate within this state; requiring certain governmental entities to include in the construction or renovation of certain public buildings certain measures pertaining to the conservation of energy and the use of alternative sources of energy; expanding the tax exemption for facilities that generate electricity from solar energy to include facilities that generate electricity from other alternative sources of energy; and providing other matters properly relating thereto.

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

- 1     **Section 1.** Chapter 704 of NRS is hereby amended by adding thereto a  
2     new section to read as follows:  
3     *“Biomass” means any organic matter that is available on a renewable*  
4     *basis, including, without limitation:*  
5         1. *Agricultural crops and agricultural wastes and residues;*  
6         2. *Wood and wood wastes and residues;*  
7         3. *Animal wastes;*  
8         4. *Municipal wastes; and*  
9         5. *Aquatic plants.*  
10    **Sec. 2.** NRS 704.005 is hereby amended to read as follows:  
11         704.005 As used in this chapter, unless the context otherwise requires,  
12         the words and terms defined in NRS 704.010 to 704.030, inclusive, *and*  
13         *section 1 of this act* have the meanings ascribed to them in those sections.



\* A B 4 1 8 \*

1     **Sec. 3.** NRS 704.771 is hereby amended to read as follows:  
2     704.771 "Net metering system" means a facility for the production of  
3     electrical energy that:

- 4     1. Uses ~~wind or solar energy~~ as its primary source of fuel ~~;~~  
5     ~~2. Has a generating capacity of not more than 10 kilowatts;~~  
6     ~~3.:~~  
7     (a) *Biomass;*  
8     (b) *Geothermal energy;*  
9     (c) *Natural gas;*  
10    (d) *Propane;*  
11    (e) *Solar energy; or*  
12    (f) *Wind;*

13    2. Is located on the customer-generator's premises;  
14    ~~4.~~ 3. Operates in parallel with the utility's transmission and  
15    distribution facilities; and

16    ~~5.~~ 4. Is intended primarily to offset part or all of the customer-  
17    generator's requirements for electricity.

18     **Sec. 4.** NRS 704.989 is hereby amended to read as follows:

19     704.989 1. The commission shall establish *a* portfolio ~~standards~~  
20     *standard* for domestic energy that sets forth the minimum percentage of  
21     the total electricity sold during each calendar year that must be derived  
22     from renewable energy ~~resources~~ *systems*. The portfolio ~~standards~~  
23     *standard* must:

24     (a) Be set at ~~two tenths of one~~ 5 percent of the total amount of  
25     electricity annually consumed by customers in this state as of ~~January 1,~~  
26     ~~2001.~~ *December 31, 2002.*

27     (b) Be increased biannually thereafter by ~~two tenths of one~~ 2 percent  
28     of the total annual electric consumption by the customers until the *portfolio*  
29     standard reaches a total of ~~11~~ 15 percent of the total amount of electricity  
30     consumed.

31     (c) ~~Be derived from not less than 50 percent renewable energy~~  
32     ~~resources.~~

33     ~~(d)~~ Be derived from not less than ~~50~~ 10 percent solar renewable  
34     energy systems.

35     ~~(e) Be based on renewable energy credits, if applicable.~~

36     (d) *Provide that if electricity is procured from a renewable energy*  
37     *system by a vertically integrated electric utility or an alternative seller*  
38     *pursuant to a contract with a third party, the term of the contract must be*  
39     *not less than 10 years.*

40     2. Each vertically integrated electric utility and alternative seller that  
41     provides electric service in this state shall comply with the portfolio  
42     standard established by the commission pursuant to this section. At the end  
43     of each calendar year, each vertically integrated electric utility and  
44     alternative seller shall submit a report ~~;~~ *to the commission*, in a format  
45     approved by the commission, ~~of the quantity of renewable energy and~~  
46     ~~credits, if applicable, that the utility or alternative seller generated,~~  
47     ~~purchased, sold and traded to meet the standards of the portfolio.~~

48     ~~3. In establishing the portfolio pursuant to this section, the commission~~  
49     ~~may establish a system of credits pursuant to which an electric utility and~~



1 ~~alternative seller may comply with the provisions of this section. A system~~  
2 ~~of credits must provide that:~~  
3 ~~— (a) Credits are issued for renewable energy resources for each kilowatt~~  
4 ~~hour of energy which it produces; and~~  
5 ~~— (b) Holders of credits may trade or sell the credits to other parties.~~  
6 ~~— 4. For the purposes of this section, a vertically integrated electric~~  
7 ~~utility which, on January 1, 1997, has 9 percent of its electricity consumed~~  
8 ~~by its customers served by renewable energy resources shall be deemed to~~  
9 ~~be in compliance until January 1, 2005, with the portfolio standards~~  
10 ~~established by the commission pursuant to this section. Between January 1,~~  
11 ~~2005, and December 31, 2009, such a vertically integrated electric utility~~  
12 ~~and its affiliated alternative seller, if any, shall reach a total of one half of 1~~  
13 ~~percent of the amount of electricity consumed by its customers, in annual~~  
14 ~~increments of one tenth of 1 percent, in solar energy resources for full~~  
15 ~~compliance with the portfolio standard established by the commission~~  
16 ~~pursuant to this section. — 5. The electric utility and alternative seller~~  
17 ~~shall submit a report to the commission} that provides information relating~~  
18 ~~to the compliance by the {vertically integrated} electric utility or alternative~~  
19 ~~seller with the requirements of this section. {Such reports must be made at~~  
20 ~~least annually, unless the} The commission may, by regulation~~  
21 ~~{determines} , determine that such {reports} a report must be made more~~  
22 ~~frequently than annually. {, and} The report must include clear and concise~~  
23 ~~information that sets forth:~~  
24 ~~(a) If the {vertically integrated} electric utility installed a renewable~~  
25 ~~energy system during the period for which the report is being made, the~~  
26 ~~date of installation;~~  
27 ~~(b) The capacity of renewable energy systems of the {vertically~~  
28 ~~integrated} electric utility or alternative seller;~~  
29 ~~(c) The amount of production of energy from the renewable energy~~  
30 ~~systems;~~  
31 ~~(d) The portion of the production of energy that is directly derived from~~  
32 ~~renewable energy resources;~~  
33 ~~(e) The quantity of energy from renewable energy systems that is~~  
34 ~~transmitted or distributed, or both, to customers in this state by the~~  
35 ~~{vertically integrated} electric utility or alternative seller; and~~  
36 ~~(f) Such other information that the commission by regulation may deem~~  
37 ~~relevant.~~  
38 ~~{6-} 3. Nothing in this section applies to:~~  
39 ~~(a) Rural electric cooperatives established pursuant to chapter 81 of~~  
40 ~~NRS;~~  
41 ~~(b) General improvement districts established pursuant to chapter 318~~  
42 ~~of NRS; or~~  
43 ~~(c) Utilities established pursuant to chapter 709 or 710 of NRS.~~  
44 ~~{7-} 4. As used in this section:~~  
45 ~~(a) “Renewable energy resources” means wind, solar, geothermal and~~  
46 ~~biomass energy resources in this state that are naturally regenerated.~~  
47 ~~(b) “Renewable energy system” means an energy system in this state~~  
48 ~~that utilizes renewable energy resources to produce electricity or solar~~



1 thermal energy systems that reduce the consumption of electricity that was  
2 installed and commenced operations after ~~July~~ *January* 1, 1997.

3 **Sec. 5.** NRS 231.064 is hereby amended to read as follows:

4 231.064 In addition to its other duties, the commission on economic  
5 development shall:

6 1. Investigate and study conditions affecting Nevada business, industry  
7 and commerce, and engage in technical studies, scientific investigations,  
8 statistical research and educational activities necessary or useful for the  
9 proper execution of the function of the division in promoting and  
10 developing Nevada business, industry and commerce, both within and  
11 outside the state.

12 2. Conduct or encourage research designed to further new and more  
13 extensive uses of the natural and other resources of the state and designed  
14 to develop new products and industrial processes.

15 3. Serve as a center of public information for the State of Nevada by  
16 answering general inquiries concerning the resources and economic,  
17 residential and recreational advantages of this state and by furnishing  
18 information and data on these and related subjects.

19 4. Prepare and publish pamphlets and other descriptive material  
20 designed to promote industrial development in Nevada, including a  
21 regularly revised industrial directory for the state.

22 5. Plan and develop an effective service for business information, both  
23 for the direct assistance of business and industry of the state and for the  
24 encouragement of business and industry outside the state to use economic  
25 facilities within the state, including readily accessible information on state  
26 and local taxes, local zoning regulations and environmental standards, the  
27 availability and cost of real estate, labor, energy, transportation and  
28 occupational education and related subjects.

29 *6. To the extent practicable, serve as a center of information  
30 concerning plants and other facilities that a utility proposes to construct  
31 or locate in this state, and disseminate that information to counties  
32 whose population is less than 40,000 and to cities in those counties.  
33 Information provided pursuant to this subsection must include, to the  
34 extent that the commission is able to obtain such information from the  
35 utility:*

36 *(a) The size and scope of the proposed plant or facility and any needs  
37 that must be addressed with respect to the proposed plant or facility,  
38 including, without limitation, proximity to water, proximity to lines for  
39 the transmission of electricity and other geographical considerations;*

40 *(b) Characteristics that the utility has determined to be necessary or  
41 desirable with respect to any site where the proposed plant or facility will  
42 be located;*

43 *(c) Potential sites, if any, that the utility has identified as likely to be  
44 suitable for the proposed plant or facility; and*

45 *(d) Any other factors considered relevant by the utility in determining  
46 the site on which the proposed plant or facility will be constructed or  
47 located.*



\* A B 4 1 8 \*

1     **Sec. 6.** NRS 338.190 is hereby amended to read as follows:  
2     338.190 1. Before it begins to construct or renovate any public  
3     building which is larger than ~~120,000~~ **6,000** square feet, each agency of the  
4     state or a political subdivision, district, authority, board or public  
5     corporation of the state shall obtain a detailed analysis of the cost of  
6     operating and maintaining the building for its expected useful life.  
7     2. The analysis must ~~identify~~ :  
8     **(a) Identify** the measures for:  
9     ~~+(a) (1)~~ Conservation of energy; ~~and~~  
10    ~~-(b) (2)~~ **Cogeneration; and**  
11    **(3)** Use of types of energy which are alternatives to fossil fuels, ~~such~~  
12    ~~as~~ **including, without limitation,** active and passive applications of solar  
13    energy, wind and geothermal energy,  
14    which can be included in the building in its construction or renovation.  
15    **(b) For each measure that is identified pursuant to paragraph (a),**  
16    **include an estimate of the time required before any savings in energy**  
17    **expected to be realized from including the measure in the construction or**  
18    **renovation of the building will offset the cost of including the measure in**  
19    **the construction or renovation of the building.**  
20    3. The agency of government which proposes to build or renovate a  
21    building must ~~consider~~ :  
22    **(a) Consider** the results of the analysis required by this section in  
23    deciding upon the type of construction and the components and systems  
24    which will be included in the building ~~+~~ ; **and**  
25    **(b) Include in the construction or renovation of the building each**  
26    **measure identified pursuant to paragraph (a) of subsection 2 for which**  
27    **the estimated time to offset the cost of including the measure in the**  
28    **construction or renovation of the building, as determined pursuant to**  
29    **paragraph (b) of subsection 2, is 8 years or less.**  
30    4. This section applies to any public building or renovation of a public  
31    building, the designing of which begins on or after July 1, ~~1981~~ **2001**.  
32    **5. As used in this section, "cogeneration" means the combined**  
33    **generation by a facility of:**  
34    **(a) Electrical or mechanical power; and**  
35    **(b) Steam or other forms of energy, including, without limitation,**  
36    **heat, that are used for commercial or industrial purposes or for purposes**  
37    **of heating or cooling.**  
38    **Sec. 7.** NRS 361.0785 is hereby amended to read as follows:  
39    361.0785 1. Except as otherwise provided in this section, all  
40    property, both real and personal, is exempt from taxation as set forth in this  
41    section to the extent that the property is used as a facility for the production  
42    of ~~electrical energy from solar~~ **electricity from alternative sources of**  
43    energy.  
44    2. Personal property exempted pursuant to subsection 1 may not  
45    receive an exemption for more than 10 consecutive years.  
46    3. Real property exempted pursuant to subsection 1 may not receive an  
47    exemption for more than 20 consecutive years.  
48    4. The provisions of this section do not apply to:  
49    (a) Residential property; and



- 1 (b) Property that is used as a facility for the production of ~~electrical~~  
2 ~~energy from solar~~ *electricity from alternative sources of* energy before  
3 July 1, ~~1997~~ 2001.
- 4 5. As used in this section ~~“facility”~~ :
- 5 (a) *“Biomass” has the meaning ascribed to it in section 1 of this act.*
- 6 (b) *“Facility for the production of ~~electrical energy from solar~~*  
7 *electricity from alternative sources of* energy” means a facility which uses  
8 ~~solar energy~~ as its primary fuel in the production of electricity ~~“”~~ :
- 9 (1) *Biomass;*
- 10 (2) *Geothermal energy;*
- 11 (3) *Solar energy; or*
- 12 (4) *Wind.*
- 13 The term includes all the equipment in the facility used to collect, store and  
14 convert into electricity the energy derived from ~~solar~~ *alternative sources*  
15 *of* energy.
- 16 **Sec. 8.** This act becomes effective on July 1, 2001.

