

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 renewable energy. (BDR 58-1198)

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

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

AN ACT relating to energy; revising and clarifying provisions requiring certain providers of electric service to comply with a portfolio standard for renewable energy; revising provisions relating to net metering; requiring the commission on economic development to disseminate to smaller counties certain information regarding electric generating plants and facilities that a utility or other entity proposes to construct or locate in this state; revising provisions concerning the analysis performed on certain public buildings to identify measures for the conservation of energy and the use of alternative sources of energy; expanding the property tax exemption for certain facilities that generate electricity from solar energy to include certain facilities or energy systems that generate electricity from other renewable 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 **Sec. 1.** Chapter 704 of NRS is hereby amended by adding thereto the
- 2 provisions set forth as sections 2 to 10, inclusive, of this act.
- 3 **Sec. 2.** *As used in sections 2 to 10, inclusive, of this act, unless the*
- 4 *context otherwise requires, the words and terms defined in sections 3 to*
- 5 *8, inclusive, of this act have the meanings ascribed to them in those*
- 6 *sections.*
- 7 **Sec. 3.** *“Biomass” means any organic matter that is available on a*
- 8 *renewable basis, including, without limitation:*
- 9 1. *Agricultural crops and agricultural wastes and residues;*
- 10 2. *Wood and wood wastes and residues;*
- 11 3. *Animal wastes;*
- 12 4. *Municipal wastes; and*
- 13 5. *Aquatic plants.*



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1 **Sec. 4.** *“Portfolio standard” means a portfolio standard for*
2 *renewable energy established by the commission pursuant to section 9 of*
3 *this act.*

4 **Sec. 5.** 1. *“Provider of electric service” and “provider” mean any*
5 *person or entity that is in the business of selling electricity to retail*
6 *customers in this state, regardless of whether the person or entity is*
7 *otherwise subject to regulation by the commission.*

8 2. *The term does not include:*

9 (a) *This state or an agency or instrumentality of this state.*

10 (b) *A rural electric cooperative established pursuant to chapter 81 of*
11 *NRS.*

12 (c) *A general improvement district established pursuant to chapter*
13 *318 of NRS.*

14 (d) *A utility established pursuant to chapter 709 or 710 of NRS.*

15 (e) *A cooperative association, nonprofit corporation, nonprofit*
16 *association or provider of electric service which is declared to be a public*
17 *utility pursuant to NRS 704.673 and which provides service only to its*
18 *members.*

19 (f) *A landlord of a mobile home park or owner of a company town*
20 *who is subject to any of the provisions of NRS 704.905 to 704.960,*
21 *inclusive.*

22 **Sec. 6.** 1. *“Renewable energy” means:*

23 (a) *Biomass;*

24 (b) *Hydrogen;*

25 (c) *Geothermal energy;*

26 (d) *Solar energy;*

27 (e) *Waterpower; and*

28 (f) *Wind.*

29 2. *The term does not include coal, natural gas, oil, propane or any*
30 *other fossil fuel, or nuclear energy.*

31 **Sec. 7.** *“Renewable energy system” means:*

32 1. *A facility or energy system that uses renewable energy to generate*
33 *electricity;*

34 2. *A solar thermal energy system that reduces the consumption of*
35 *electricity; and*

36 3. *A net metering system used by a customer-generator pursuant to*
37 *NRS 704.766 to 704.775, inclusive.*

38 **Sec. 8.** 1. *“Retail customer” means a customer who purchases*
39 *electricity at retail.*

40 2. *The term includes, without limitation:*

41 (a) *This state, a political subdivision of this state or an agency or*
42 *instrumentality of this state or political subdivision of this state when it*
43 *purchases electricity at retail; and*

44 (b) *A landlord of a mobile home park or owner of a company town*
45 *who is subject to any of the provisions of NRS 704.905 to 704.960,*
46 *inclusive.*

47 **Sec. 9.** 1. *For each provider of electric service, the commission*
48 *shall establish a portfolio standard for renewable energy. The portfolio*



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1 standard must require each provider to generate or acquire electricity
2 from renewable energy systems in an amount that is:

3 (a) For calendar years 2003 and 2004, not less than 5 percent of the
4 total amount of electricity sold by the provider to its retail customers in
5 this state during that calendar year.

6 (b) For calendar years 2005 and 2006, not less than 7 percent of the
7 total amount of electricity sold by the provider to its retail customers in
8 this state during that calendar year.

9 (c) For calendar years 2007 and 2008, not less than 9 percent of the
10 total amount of electricity sold by the provider to its retail customers in
11 this state during that calendar year.

12 (d) For calendar years 2009 and 2010, not less than 11 percent of the
13 total amount of electricity sold by the provider to its retail customers in
14 this state during that calendar year.

15 (e) For calendar years 2011 and 2012, not less than 13 percent of the
16 total amount of electricity sold by the provider to its retail customers in
17 this state during that calendar year.

18 (f) For calendar year 2013 and for each calendar year thereafter, not
19 less than 15 percent of the total amount of electricity sold by the provider
20 to its retail customers in this state during that calendar year.

21 2. In addition to the requirements set forth in subsection 1, the
22 portfolio standard for each provider must require that:

23 (a) Of the total amount of electricity that the provider is required to
24 generate or acquire from renewable energy systems during each calendar
25 year, not less than 10 percent of that amount must be generated or
26 acquired from solar renewable energy systems.

27 (b) If the provider acquires electricity from a renewable energy system
28 pursuant to a contract with another party, the term of the contract must
29 be not less than 10 years, unless the other party agrees to a contract with
30 a shorter term.

31 3. If, for the benefit of one or more of its retail customers in this
32 state, the provider has subsidized, in whole or in part, the acquisition or
33 installation of a solar thermal energy system which qualifies as a
34 renewable energy system and which reduces the consumption of
35 electricity, the total reduction in the consumption of electricity during
36 each calendar year that results from the solar thermal energy system
37 shall be deemed to be electricity that the provider generated or acquired
38 from a renewable energy system for the purposes of complying with its
39 portfolio standard.

40 4. The commission may adopt regulations that establish a system of
41 renewable energy credits that may be used by a provider to comply with
42 its portfolio standard.

43 5. Except as otherwise provided in subsection 6, each provider shall
44 comply with its portfolio standard during each calendar year.

45 6. If, during any calendar year, a provider is unable to comply with
46 its portfolio standard through the generation of electricity from its own
47 renewable energy systems or, if applicable, through the use of renewable
48 energy credits, the provider shall take actions to acquire electricity from
49 renewable energy systems owned, operated or controlled by other parties.



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1 *The actions taken by the provider must include making requests for*
2 *proposals or taking other appropriate actions to solicit and enter into*
3 *contracts with other parties. If, based upon the responses to the actions*
4 *taken by the provider, the commission determines that there is not or will*
5 *not be a sufficient supply of electricity from such renewable energy*
6 *systems made available to the provider during a calendar year, the*
7 *commission shall exempt the provider, for that calendar year, from the*
8 *remaining requirements of its portfolio standard or from any appropriate*
9 *portion thereof, as determined by the commission.*

10 **Sec. 10.** *1. Each provider of electric service shall submit to the*
11 *commission an annual report that provides information relating to the*
12 *actions taken by the provider to comply with its portfolio standard.*

13 *2. Each provider shall submit the annual report to the commission*
14 *after the end of each calendar year and within the time prescribed by the*
15 *commission. The report must be submitted in a format approved by the*
16 *commission.*

17 *3. The commission may adopt regulations that require providers to*
18 *submit to the commission additional reports during each calendar year.*

19 *4. Each annual report and each additional report must include clear*
20 *and concise information that sets forth:*

21 *(a) The amount of electricity which the provider generated or*
22 *acquired from renewable energy systems during the reporting period*
23 *and, if applicable, the amount of renewable energy credits that the*
24 *provider acquired, sold or traded during the reporting period to comply*
25 *with its portfolio standard;*

26 *(b) The capacity of each renewable energy system owned, operated or*
27 *controlled by the provider, the total amount of electricity generated by*
28 *each such system during the reporting period and the percentage of that*
29 *total amount which was generated directly from renewable energy;*

30 *(c) Whether, during the reporting period, the provider began*
31 *construction on, acquired or placed into operation any renewable energy*
32 *system and, if so, the date of any such event; and*

33 *(d) Any other information that the commission by regulation may*
34 *deem relevant.*

35 **Sec. 11.** *“Renewable energy” has the meaning ascribed to it in*
36 *section 6 of this act.*

37 **Sec. 12.** NRS 704.743 is hereby amended to read as follows:

38 704.743 1. A utility which supplies electricity in this state may apply
39 to the commission for authority to charge, as part of a program of optional
40 pricing, a higher rate for electricity that is ~~derived~~ **generated** from
41 renewable energy. ~~resources.~~

42 2. The program ~~must~~ **may** provide the customers of the utility with
43 the option of paying a higher rate for electricity to support the increased
44 use by the utility of renewable energy ~~resources~~ in the ~~production~~
45 **generation** of electricity.

46 3. As used in this section ~~“renewable energy resources” means~~
47 ~~resources from which electricity is produced, but which are not consumed~~
48 ~~or combusted and are~~ :

49 (a) **“Biomass”** has the meaning ascribed to it in section 3 of this act.



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1 (b) “Renewable energy” means a source of energy that occurs
2 naturally ~~or is~~ regenerated ~~†~~ naturally, including, without limitation:
3 ~~†(a)†~~ (1) Wind;
4 ~~†(b)†~~ (2) Solar energy; ~~†and~~
5 ~~—(c)†~~ (3) Geothermal energy ~~†~~;
6 (4) Biomass;
7 (5) Hydrogen; and
8 (6) Waterpower.
9 The term does not include coal, natural gas, oil, propane or any other
10 fossil fuel, or nuclear energy.
11 Sec. 13. NRS 704.767 is hereby amended to read as follows:
12 704.767 As used in NRS ~~†704.767†~~ 704.766 to 704.775, inclusive,
13 unless the context otherwise requires, the words and terms defined in NRS
14 704.768 to 704.772, inclusive, *and section 11 of this act* have the
15 meanings ascribed to them in those sections.
16 Sec. 14. NRS 704.771 is hereby amended to read as follows:
17 704.771 “Net metering system” means a facility *or energy system* for
18 the ~~†production of electrical energy†~~ *generation of electricity* that:
19 1. Uses ~~†wind or solar†~~ *renewable* energy as its primary source of ~~†fuel;†~~
20 ~~—2. Has a generating capacity of not more than 10 kilowatts;†~~
21 ~~—3.†~~ *energy to generate electricity;*
22 2. Is located on the customer-generator’s premises;
23 ~~†4.†~~ 3. Operates in parallel with the utility’s transmission and
24 distribution facilities; and
25 ~~†5.†~~ 4. Is intended primarily to offset part or all of the customer-
26 generator’s requirements for electricity.
27 Sec. 15. NRS 231.064 is hereby amended to read as follows:
28 231.064 In addition to its other duties, the commission on economic
29 development shall:
30 1. Investigate and study conditions affecting Nevada business, industry
31 and commerce, and engage in technical studies, scientific investigations,
32 statistical research and educational activities necessary or useful for the
33 proper execution of the function of the division *of economic development*
34 in promoting and developing Nevada business, industry and commerce,
35 both within and outside the state.
36 2. Conduct or encourage research designed to further new and more
37 extensive uses of the natural and other resources of the state and designed
38 to develop new products and industrial processes.
39 3. Serve as a center of public information for the State of Nevada by
40 answering general inquiries concerning the resources and economic,
41 residential and recreational advantages of this state and by furnishing
42 information and data on these and related subjects.
43 4. Prepare and publish pamphlets and other descriptive material
44 designed to promote industrial development in Nevada, including a
45 regularly revised industrial directory for the state.
46 5. Plan and develop an effective service for business information, both
47 for the direct assistance of business and industry of the state and for the
48 encouragement of business and industry outside the state to use economic
49 facilities within the state, including readily accessible information on state



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1 and local taxes, local zoning regulations and environmental standards, the
2 availability and cost of real estate, labor, energy, transportation and
3 occupational education and related subjects.

4 *6. To the extent practicable, serve as a center of information*
5 *concerning electric generating plants and facilities that a utility or other*
6 *entity proposes to construct or locate in this state, and disseminate that*
7 *information to counties whose population is less than 40,000 and to cities*
8 *in those counties. Information provided pursuant to this subsection must*
9 *include, to the extent that the commission is able to obtain such*
10 *information from the utility or other entity:*

11 *(a) The size and scope of the proposed electric generating plant or*
12 *facility and any needs that must be addressed with respect to the*
13 *proposed plant or facility, including, without limitation, proximity to*
14 *water, proximity to lines for the transmission of electricity and other*
15 *geographical considerations;*

16 *(b) Characteristics that the utility or other entity has determined to be*
17 *necessary or desirable with respect to any site where the proposed plant*
18 *or facility will be located;*

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

21 *(d) Any other factors considered relevant by the utility or other entity*
22 *in determining the site on which the proposed plant or facility will be*
23 *constructed or located.*

24 **Sec. 16.** NRS 338.190 is hereby amended to read as follows:

25 338.190 1. Before it begins to construct or renovate any public
26 building which is larger than ~~120,000~~ 6,000 square feet, each agency of the
27 state or a political subdivision, district, authority, board or public
28 corporation of the state shall obtain a detailed analysis of the cost of
29 operating and maintaining the building for its expected useful life.

30 2. The analysis must ~~identify~~ :

31 *(a) Identify the measures for:*

32 ~~1(a)~~ (1) Conservation of energy; ~~and~~

33 ~~—(b)~~ (2) Cogeneration; and

34 (3) Use of types of energy ~~which~~ , *other than nuclear energy, that*
35 *are alternatives to fossil fuels, ~~such as~~ including, without limitation,*
36 *biomass, hydrogen, waterpower, active and passive applications of solar*
37 *energy, wind and geothermal energy,*
38 *which ~~can~~ could feasibly be included in the building in its construction or*
39 *renovation.*

40 *(b) For each measure that is identified pursuant to paragraph (a),*
41 *include an estimate of the time required before any savings in energy*
42 *expected to be realized from including the measure in the construction or*
43 *renovation of the building will offset the cost of including the measure in*
44 *the construction or renovation of the building.*

45 3. The agency of government which proposes to build or renovate ~~the~~
46 ~~building must~~ *the building shall* consider the results of the analysis
47 required by this section in deciding upon the type of construction and the
48 components and systems , *if any*, which will be included in the building.



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- 1 4. This section applies to any public building or renovation of a public
2 building, the designing of which begins on or after July 1, ~~1981~~ 2001.
- 3 5. *As used in this section, "cogeneration" means the combined*
4 *generation by a facility or energy system of:*
5 (a) *Electrical or mechanical power; and*
6 (b) *Steam or other forms of energy, including, without limitation,*
7 *heat, that are used for commercial or industrial purposes or for purposes*
8 *of heating or cooling.*
- 9 **Sec. 17.** NRS 361.0785 is hereby amended to read as follows:
10 361.0785 1. Except as otherwise provided in this section, all
11 property, both real and personal, is exempt from taxation as set forth in this
12 section to the extent that the property is used as a facility *or energy system*
13 for the ~~production of electrical energy from solar~~ *generation of electricity*
14 *from renewable* energy.
- 15 2. Personal property exempted pursuant to subsection 1 may not
16 receive an exemption for more than 10 consecutive years.
- 17 3. Real property exempted pursuant to subsection 1 may not receive an
18 exemption for more than 20 consecutive years.
- 19 4. The provisions of this section do not apply to:
20 (a) Residential property; and
21 (b) Property that is used as a facility *or energy system* for the
22 ~~production of electrical energy from solar~~ *generation of electricity from*
23 *renewable* energy before July 1, ~~1997~~ 2001.
- 24 5. As used in this section ~~the "facility"~~ :
25 (a) *"Facility or energy system* for the ~~production of electrical energy~~
26 ~~from solar~~ *generation of electricity from renewable* energy" means a
27 facility ~~which uses solar~~ *or energy system that uses renewable* energy as
28 its primary ~~fuel in the production of~~ *source of energy to generate*
29 electricity. The term includes all the equipment in the facility *and all the*
30 *components of the energy system that are* used to collect ~~it~~ *and* store *the*
31 *renewable energy* and *to* convert *the renewable energy* into electricity .
32 ~~the energy derived from solar energy.~~
- 33 (b) *"Renewable energy" has the meaning ascribed to it in section 6 of*
34 *this act.*
- 35 **Sec. 18.** NRS 704.989 is hereby repealed.
- 36 **Sec. 19.** This act becomes effective on July 1, 2001.

TEXT OF REPEALED SECTION

704.989 Renewable energy resources: Portfolio standards; report; exceptions.

1. The commission shall establish portfolio standards for domestic energy that set forth the minimum percentage of the total amount of electricity sold by an electric utility to its retail customers in this state during each calendar year that must be derived from renewable energy resources. The portfolio standards must:



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(a) On January 1, 2001, be set at two-tenths of 1 percent of the total amount of electricity sold by the electric utility to its retail customers in this state during the immediately preceding calendar year.

(b) On January 1 of each successive odd-numbered year, be increased by two-tenths of 1 percent of the total amount of electricity sold by the electric utility to its retail customers in this state during the immediately preceding calendar year until the portfolio standards reach a total of 1 percent of the total amount of electricity sold by the electric utility to its retail customers in this state during the immediately preceding calendar year.

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

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

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

2. Each electric utility shall comply with the portfolio standards established by the commission pursuant to this section. At the end of each calendar year, each electric utility shall submit a report, in a format approved by the commission, of the quantity of renewable energy and credits, if applicable, that the electric utility generated, purchased, sold and traded to meet the portfolio standards.

3. In establishing the portfolio standards pursuant to this section, the commission may establish a system of credits pursuant to which an electric utility may comply with the provisions of this section. A system of credits must provide that:

(a) Credits are issued for renewable energy resources for each kilowatt hour of energy which it produces; and

(b) Holders of credits may trade or sell the credits to other parties.

4. For the purposes of this section, if, on January 1, 1997, at least 9 percent of the total amount of electricity sold by an electric utility to its retail customers in this state during the immediately preceding calendar year was derived from renewable energy resources, the electric utility shall be deemed to be in compliance until January 1, 2005, with the portfolio standards established by the commission pursuant to this section. Between January 1, 2005, and December 31, 2009, such an electric utility shall have one-half of 1 percent of the total amount of electricity sold to its retail customers in this state, increased in annual increments of one-tenth of 1 percent during each calendar year of that period, derived from solar energy resources for full compliance with the portfolio standards established by the commission pursuant to this section.

5. In addition to the report required by subsection 2, each electric utility shall submit a report, in a format approved by the commission, that provides information relating to the compliance by the electric utility with the requirements of this section. Such reports must be made at least annually, unless the commission by regulation determines that such reports must be made more frequently than annually, and must include clear and concise information that sets forth:

(a) If the electric utility installed a renewable energy system during the period for which the report is being made, the date of installation;



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- (b) The capacity of renewable energy systems of the electric utility;
 - (c) The amount of production of energy from the renewable energy systems;
 - (d) The portion of the production of energy that is directly derived from renewable energy resources;
 - (e) The quantity of energy from renewable energy systems that is transmitted or distributed, or both, to retail customers in this state by the electric utility; and
 - (f) Such other information that the commission by regulation may deem relevant.
6. The provisions of this section do not apply to:
- (a) Rural electric cooperatives established pursuant to chapter 81 of NRS;
 - (b) General improvement districts established pursuant to chapter 318 of NRS; or
 - (c) Utilities established pursuant to chapter 709 or 710 of NRS.
7. As used in this section:
- (a) “Electric utility” has the meaning ascribed to it in section 19 of this act.
 - (b) “Renewable energy resources” means wind, solar, geothermal and biomass energy resources that are naturally regenerated.
 - (c) “Renewable energy system” means an energy system that utilizes renewable energy resources to produce electricity or solar thermal energy systems that reduce the consumption of electricity that was installed and commenced operations after July 1, 1997.

