

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; authorizing certain partial abatements from taxation for certain facilities and energy systems that use renewable energy to generate electricity; 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.*



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; and*

27 (e) *Wind.*

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

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

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

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

35 3. *A net metering system used by a customer-generator pursuant to*
36 *NRS 704.766 to 704.775, inclusive, except for a net metering system that*
37 *uses waterpower as its primary source of energy to generate electricity.*

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 energy system which qualifies as a renewable
34 energy system and which reduces the consumption of electricity, the total
35 reduction in the consumption of electricity during each calendar year
36 that results from the solar energy system shall be deemed to be electricity
37 that the provider generated or acquired from a renewable energy system
38 for the purposes of complying with its portfolio standard.

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

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

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



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

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

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

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

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

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

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

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

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

34 **Sec. 10.5.** *“Biomass” has the meaning ascribed to it in section 3 of*
35 *this act.*

36 **Sec. 11.** *1. “Renewable energy” means:*

37 *(a) Biomass;*

38 *(b) Hydrogen;*

39 *(c) Geothermal energy;*

40 *(d) Solar energy;*

41 *(e) Waterpower; and*

42 *(f) Wind.*

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

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

46 704.743 1. A utility which supplies electricity in this state may apply
47 to the commission for authority to charge, as part of a program of optional
48 pricing, a higher rate for electricity that is ~~derived~~ *generated* from
49 renewable energy . ~~resources.~~



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

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

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

9 (b) *“Renewable energy” means a source of energy that occurs*
10 *naturally or is regenerated* ~~and~~ *naturally*, including, without limitation:

11 ~~(a)~~ (1) Wind;

12 ~~(b)~~ (2) Solar energy; ~~and~~

13 ~~(c)~~ (3) Geothermal energy ~~and~~ ;

14 (4) *Biomass;*

15 (5) *Hydrogen; and*

16 (6) *Waterpower.*

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

19 **Sec. 13.** NRS 704.767 is hereby amended to read as follows:

20 704.767 As used in NRS ~~704.767~~ *704.766* to 704.775, inclusive,
21 unless the context otherwise requires, the words and terms defined in NRS
22 704.768 to 704.772, inclusive, *and sections 10.5 and 11 of this act* have
23 the meanings ascribed to them in those sections.

24 **Sec. 14.** NRS 704.771 is hereby amended to read as follows:

25 704.771 “Net metering system” means a facility *or energy system* for
26 the ~~production of electrical energy~~ *generation of electricity* that:

27 1. Uses ~~wind or solar~~ *renewable* energy as its primary source of ~~fuel~~;

28 ~~2. Has a generating capacity of not more than 10 kilowatts;~~

29 ~~3. energy to generate electricity;~~

30 2. Is located on the customer-generator’s premises;

31 ~~4.~~ 3. Operates in parallel with the utility’s transmission and
32 distribution facilities; and

33 ~~5.~~ 4. Is intended primarily to offset part or all of the customer-
34 generator’s requirements for electricity.

35 **Sec. 15.** NRS 231.064 is hereby amended to read as follows:

36 231.064 In addition to its other duties, the commission on economic
37 development shall:

38 1. Investigate and study conditions affecting Nevada business, industry
39 and commerce, and engage in technical studies, scientific investigations,
40 statistical research and educational activities necessary or useful for the
41 proper execution of the function of the division *of economic development*
42 in promoting and developing Nevada business, industry and commerce,
43 both within and outside the state.

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

47 3. Serve as a center of public information for the State of Nevada by
48 answering general inquiries concerning the resources and economic,



1 residential and recreational advantages of this state and by furnishing
2 information and data on these and related subjects.

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

6 5. Plan and develop an effective service for business information, both
7 for the direct assistance of business and industry of the state and for the
8 encouragement of business and industry outside the state to use economic
9 facilities within the state, including readily accessible information on state
10 and local taxes, local zoning regulations and environmental standards, the
11 availability and cost of real estate, labor, energy, transportation and
12 occupational education and related subjects.

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

20 (a) *The size and scope of the proposed electric generating plant or*
21 *facility and any needs that must be addressed with respect to the*
22 *proposed plant or facility, including, without limitation, proximity to*
23 *water, proximity to lines for the transmission of electricity and other*
24 *geographical considerations;*

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

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

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

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

34 338.190 1. Before it begins to construct or renovate any public
35 building which is larger than ~~120,000~~ 6,000 square feet, each agency of the
36 state or a political subdivision, district, authority, board or public
37 corporation of the state shall obtain a detailed analysis of the cost of
38 operating and maintaining the building for its expected useful life.

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

40 (a) *Identify* the measures for:

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

42 ~~—(b)~~ (2) Cogeneration; and

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



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- 1 (b) For each measure that is identified pursuant to paragraph (a),
2 include an estimate of the time required before any savings in energy
3 expected to be realized from including the measure in the construction or
4 renovation of the building will offset the cost of including the measure in
5 the construction or renovation of the building.
- 6 3. The agency of government which proposes to build or renovate ~~the~~
7 ~~building must~~ the building shall consider the results of the analysis
8 required by this section in deciding upon the type of construction and the
9 components and systems, if any, which will be included in the building.
- 10 4. This section applies to any public building or renovation of a public
11 building, the designing of which begins on or after July 1, ~~1981~~ 2001.
- 12 5. As used in this section, "cogeneration" means the combined
13 generation by a facility or energy system of:
14 (a) Electrical or mechanical power; and
15 (b) Steam or other forms of energy, including, without limitation,
16 heat, that are used for commercial or industrial purposes or for purposes
17 of heating or cooling.
- 18 Sec. 17. Chapter 361 of NRS is hereby amended by adding thereto a
19 new section to read as follows:
- 20 1. If a person intends to use or uses real property or personal
21 property located in this state as a facility or energy system for the
22 generation of electricity from renewable energy, the person may apply to
23 the commission on economic development pursuant to this section for a
24 partial abatement from the taxes imposed by this chapter.
- 25 2. The commission on economic development shall approve an
26 application for a partial abatement pursuant to this section if the
27 commission determines that the facility or energy system has not
28 previously been allowed an exemption or partial abatement from the
29 taxes imposed by this chapter.
- 30 3. If the commission on economic development approves an
31 application for a partial abatement pursuant to this section:
32 (a) The partial abatement applies only to the facility or energy system.
33 (b) The partial abatement is:
34 (1) For a period of 10 consecutive years, beginning on or after
35 July 1, 2001; and
36 (2) For an amount equal to 50 percent of the taxes imposed by this
37 chapter on the facility or energy system for each year of that period.
- 38 (c) During the period of the partial abatement, the facility or energy
39 system is not entitled to an exemption or partial abatement from the taxes
40 imposed by this chapter pursuant to any other specific statute.
- 41 (d) The executive director of the commission on economic
42 development shall notify the county assessor of each county in which the
43 facility or energy system is located of the approval of the partial
44 abatement, the date on which the partial abatement begins, and the
45 duration and the percentage of the partial abatement. The executive
46 director shall, on or before April 15 of each year, advise the county
47 assessor of each county in which the facility or energy system is located
48 as to whether the facility or energy system is entitled to the partial
49 abatement in the next succeeding fiscal year.



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- 1 4. *As used in this section:*
2 (a) *“Biomass” has the meaning ascribed to it in section 3 of this act.*
3 (b) *“Facility or energy system for the generation of electricity from*
4 *renewable energy” and “facility or energy system” mean a facility or*
5 *energy system that:*
6 (1) *Uses renewable energy as its primary source of energy to*
7 *generate electricity; and*
8 (2) *Is not located on residential property.*
9 *The term includes all the equipment in the facility and all the*
10 *components of the energy system that are used to collect and store the*
11 *renewable energy and to convert the renewable energy into electricity.*
12 (c) *“Renewable energy” means:*
13 (1) *Biomass;*
14 (2) *Hydrogen;*
15 (3) *Geothermal energy;*
16 (4) *Solar energy;*
17 (5) *Waterpower; and*
18 (6) *Wind.*
19 *The term does not include coal, natural gas, oil, propane or any other*
20 *fossil fuel, or nuclear energy.*
21 **Sec. 18.** NRS 704.989 is hereby repealed.
22 **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:

(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.



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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;

(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



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(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.

