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AB 314 (BDR 58-797)
Testimony of Jason Geddes, Ph.D-Assembly District 24

- In the 2001 session, NRS 704.7821 established The Nevada Renewable Energy and Energy Conservation Task Force. Several tax incentives and abatements were created or amended to encourage the use of renewable energy sources. Individuals and industries are slowly recognizing the potential of utilizing renewable resources and it is anticipated with increased education this will accelerate exponentially.
- NRS 374.307, which was one of the tax incentives enacted by the 2001 Legislature and is set to expire on June 30, 2003, needs to be extended to the year 2013 to give customers adequate time to become educated on the benefits of this tax incentive.
 - According to Sierra Pacific Power and the Nevada Power Company there is a total of 31 customers utilizing the program with 2 to 3 inquiries per week to the Sierra Pacific Power Company and a total of 63 inquiries to the Nevada Power Company since October of 2002.
- Education is an extremely important component in furthering the use of renewable energy sources.
 - A clear goal of environmental education is to change behavior (Pooley, O'Connor, 2000, p. 719)
 - Any serious policy measure will affect human behavior patterns such that substitutions occur of one product, service, activity or goal by another (Viek, 2000, p.153).
 - Progress requires that psychological concepts of the determination of behavior be integrated with engineering concepts of energy use, economic concepts of decision making, sociological concepts of mobilization, and techniques of policy analysis (Stern, 1992, p.296)
 - The utility company would be responsible for the education component with the approval of the PUC
- Creating a "Shared Savings" program. The "Shared Savings" program could be created by giving them statutory authority to do so and requiring the Public Utilities Commission of Nevada (PUCN) to support the program and cooperate with utility companies willing to provide it.
 - A residential energy consumer enters into an agreement with a utility provider to install renewable energy equipment in his home. The utility provider installs the equipment, with the cost amortized over several years. The consumer repays the expense by continuing to pay his average monthly utility bill before renewable energy improvements (even though the actual monthly utility cost is less now that he is using renewable energy), until the amortization period is over.
- Modify NRS 704.781 to add "Waterpower" to the list of resources that qualify as renewable resources.
 - For the purpose of this section, Waterpower is defined as: The utilization of water; whether it be standing, running, or falling; as a source of power by any facility or incidental facility intended to be employed in the generation of electrical energy no greater than 15 megawatts.
 - Taken as a whole, U. S. hydropower generation avoided an additional 83 million metric tons of carbon from being emitted into the atmosphere in 1997, which is the most current data.
- Modify 704.772(2) as follows: Has a generating capacity of not more than 1000 kilowatts and a customer load of not more than 1000 kilowatts.
 - By enlarging the maximum size for a net-metering system but restricting the customer load, the group of smaller utility customers that were intended to benefit from this law will be able to install larger systems.

ASSEMBLY COMMERCE & LABOR

DATE: 4/6/03 ROOM: 4100 EXHIBIT 6

SUBMITTED BY: JASON GEDDES

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PROPOSED AMENDMENT TO ASSEMBLY BILL NO. 314

PREPARED FOR ASSEMBLYMEN GEDDES
APRIL 7, 2003

PREPARED BY THE RESEARCH DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~green bold double strikethrough~~ is language proposed to be deleted in this amendment and (5) green bold dashed underlining is deleted language in the original bill that is proposed to be retained in this amendment.

Delete Sections 1 through 12

Sec. 12. Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *Each utility shall establish a program for the purchase and installation of equipment for energy efficiency and renewable energy for small commercial, irrigation pumping and ~~in the homes of its~~ residential customers in this state.*

2. *The Commission shall adopt regulations to carry out the provisions of this section. The regulations must prescribe:*

(a) *The terms and conditions of the contract entered into by the utility and a customer for the purchase and installation of equipment for renewable energy in the home of the customer;*

(b) *The type of equipment for renewable energy that may be purchased and installed in the home of a customer; and*

(c) *For repayment of the cost of the installed equipment on the customers bill.*

(d) *Any other requirements the Commission considers necessary to carry out the provisions of this section.*

3. *As used in this section:*

(a) *"Renewable energy" has the meaning ascribed to it in NRS 704.7811.*

(b) *"Utility" means a public utility which supplies electricity in this state.*

Sec. 13. NRS 704.763 is hereby amended to read as follows:

704.763 1. On and after October 1, 2001, each electric utility shall disclose to its retail customers information about electric services, and any products and services relating thereto, that are being provided to or purchased for those retail customers by the electric utility. The disclosure must:

(a) Be in a standard, uniform format established by the Commission by regulation;

(b) Be included:

(1) ~~At least two times each calendar year, as~~ an insert in the bills that the electric utility sends ~~monthly~~ to its retail customers; and

(2) If the electric utility maintains a website on the Internet or any successor to the Internet, on that website; and

(c) Include adequate information so that a retail customer can readily evaluate his options for obtaining electric services or any products or services relating thereto ~~to~~, *including, without limitation, net metering systems and renewable energy.*

2. A disclosure required by this section must include, if applicable:

(a) The average mix of energy sources used to generate the electricity sold by the electric utility to the retail customer. An electric utility may, if available, use a regional average that has been determined by the Commission for that portion of electricity sold by the electric utility to the retail customer for which the specific mix of energy sources cannot be discerned.

(b) The average emissions, measured in pounds per megawatt-hour, of:

(1) Any high-level radioactive waste, sulfur dioxide, carbon dioxide, oxides of nitrogen and heavy metals released in this state from the generation of the electricity sold by the electric utility to the retail customer; and

(2) Any other substances released in this state from the generation of the electricity sold by the electric utility to the retail customer which the Commission, in cooperation with the Division of Environmental Protection of the State Department of Conservation and Natural Resources, determines may cause a significant health or environmental impact and for which sufficiently accurate and reliable data is available.

If an electric utility uses a regional average for the mix of energy sources pursuant to paragraph (a), the electric utility shall, if available, use for the average emissions pursuant to this paragraph a regional calculation that has been determined by the Commission.

(c) Information concerning customer service.

(d) Information concerning any energy programs that provide assistance to retail customers with low incomes, including, without limitation, information on the procedures to apply for such programs.

3. An electric utility:

(a) Shall make the disclosures required pursuant to this section in accordance with the requirements adopted by the Commission as to form and substance; and

(b) Shall ensure that it provides the information in compliance with all applicable state and federal laws governing unfair advertising and labeling.

4. The Commission shall adopt such regulations concerning form and substance for the disclosures required by this section as are necessary to ensure that retail customers are provided with sufficient information so that they can readily evaluate their options for obtaining electric services , and any products and services relating thereto.

5. The provisions of this section do not require an electric utility to disclose to its retail customers any information about electric services, and any products and services relating thereto, that are subject to the provisions of chapter 704B of NRS.

6. As used in this section:

(a) "Electric utility" has the meaning ascribed to it in NRS 704.187.

(b) "Energy source" includes, without limitation:

(1) Coal, natural gas, oil, propane and any other fossil fuel;

(2) Geothermal energy, solar energy, hydroelectric energy, nuclear energy, wind, biofuel and biomass; and

(3) Any other specific energy source that is used to generate the electricity provided to the retail customer.

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

704.771 "Net metering system" means a facility or energy system for the generation of electricity that:

1. Uses renewable energy as its primary source of energy to generate electricity;
2. Has a generating capacity *and customer load* of not more than ~~{10}~~ 1000 kilowatts;
3. Is located on the customer-generator's premises;
4. Operates in parallel with the utility's transmission and distribution facilities; and
5. Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

Sec. 15. NRS 704.7811 is hereby amended to read as follows:

704.7811 1. "Renewable energy" means:

(a) Biomass;

(b) Geothermal energy;

(c) Solar energy; ~~{and}~~

(d) Wind ~~{-}~~; and

(e) ~~Waterpower created without the use of a dam.~~

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

For the purposes of this section, waterpower is defined as:

The utilization of water; whether it be standing, running or falling; as a source of power by any facility or incidental facility intended to be employed in the generation of electrical energy no greater than 15 megawatts.

Sec. 16. NRS 704.7815 is hereby amended to read as follows:

704.7815 "Renewable energy system" means:

1. A facility or energy system that:

(a) Uses renewable energy to generate electricity; ~~and either~~

(b) Transmits or distributes the electricity that it generates from renewable energy via:

(1) A power line which is dedicated to the transmission or distribution of electricity generated from renewable energy and which is connected to a facility or system owned, operated or controlled by a provider of electric service; or

(2) A power line which is shared with not more than one facility or energy system generating electricity from nonrenewable energy and which is connected to a facility or system owned, operated or controlled by a provider of electric service.

(c) or does not transmit the electricity, but uses it entirely to meet a residential, commercial, industrial or agricultural load within the state that is not otherwise connected to a provider of electric service.

2. A solar ~~thermal~~ energy system that reduces the consumption of energy ~~electricity~~.

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

Sec. 1. NRS 704.7821 is hereby amended to read as follows:

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard for renewable energy. The portfolio standard must require each provider to generate or acquire electricity from renewable energy systems in an amount that is:

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

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

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

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

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

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

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

(a) Of the total amount of electricity that the provider is required to generate or acquire from renewable energy systems during each calendar year, not less than 5 percent of that amount must be generated or acquired from solar renewable energy systems.

(b) If the provider acquires electricity from a renewable energy system pursuant to a renewable energy contract with another party:

(1) The term of the renewable energy contract must be not less than 10 years, unless the other party agrees to a renewable energy contract with a shorter term; and

(2) The terms and conditions of the renewable energy contract must be just and reasonable, as determined by the Commission. If the provider is a public utility and the Commission approves the terms and conditions of the renewable energy contract between the provider and the other party, the renewable energy contract and its terms and conditions shall be deemed to be a prudent investment and the provider may recover all just and reasonable costs associated with the renewable energy contract.

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

4. The commission shall adopt regulations that establish a system of renewable energy credits that may be used by a provider to comply with its portfolio standard. Any system of renewable energy credits adopted by the commission shall provide for a 2.4 credit multiplier for all solar energy systems installed at a retail customer's premises if at least eighty-percent of the system's output is used to serve the customer's energy requirements at those premises.

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

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

6. If, for any calendar year, a provider is unable to comply with its portfolio standard through the generation of electricity from its own renewable energy systems or, if applicable, through the use of renewable energy credits, the provider shall take actions to acquire electricity pursuant to one or more renewable energy contracts. If the Commission determines that, for a calendar year, there is not or will not be a sufficient supply of electricity made available to the provider pursuant to renewable energy

contracts with just and reasonable terms and conditions, the Commission shall exempt the provider, for that calendar year, from the remaining requirements of its portfolio standard or from any appropriate portion thereof, as determined by the Commission.

7. The Commission shall adopt regulations for the determination of just and reasonable terms and conditions for the renewable energy contracts that a provider of electric service must enter into to comply with its portfolio standard.

8. As used in this section:

(a) "Renewable energy contract" means a contract to acquire electricity from one or more renewable energy systems owned, operated or controlled by other parties.

(b) "Terms and conditions" includes, without limitation, the price that a provider of electric service must pay to acquire electricity pursuant to a renewable energy contract.

Sec. 18. Section 3 of chapter 330, Statutes of Nevada 2001, at page 1538, is hereby amended to read as follows:

Sec. 3. 1. This section ~~{become}~~ *becomes* effective on July 1, 2001.

2. Sections 1 and 2 of this act become effective on July 1, 2001, for the purpose of adopting regulations and on January 1, 2002, for all other purposes.

3. This act expires by limitation on June 30, ~~{2003-}~~ 2013.

Sec. 19. 1. This section and section 18 of this act become effective upon passage and approval.

2. Sections 1 to 17, inclusive, of this act become effective on October 1, 2003.