

ASSEMBLY BILL NO. 314—ASSEMBLYMEN GEDDES, HARDY,  
LESLIE, ANDONOV, ANGLE, ATKINSON, CHRISTENSEN,  
CLABORN, COLLINS, CONKLIN, GIUNCHIGLIANI,  
GOICOECHEA, GOLDWATER, HORNE, MABEY, MANENDO,  
OCEGUERA AND PIERCE

MARCH 13, 2003

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JOINT SPONSOR: SENATOR TOWNSEND

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Referred to Concurrent Committees on Commerce  
and Labor and Ways and Means

SUMMARY—Revises provisions relating to generation, reduction  
and conservation of energy. (BDR 58-797)

FISCAL NOTE: Effect on Local Government: No.  
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.

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AN ACT relating to energy; requiring certain public utilities to  
establish a program for the purchase and installation of  
equipment for renewable energy for its residential  
customers; establishing a program which provides loans  
to owners of homes and small businesses in this state for  
the purchase of equipment to reduce and conserve energy;  
revising the definition of “renewable energy” for the  
purposes of optional pricing, net metering and  
establishing a portfolio standard for renewable energy;  
revising the definition of “net metering system” for the  
purposes of revising the requirements for generating  
capacity and customer load of net metering systems; and  
providing other matters properly relating thereto.

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



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1     **Section 1.** Chapter 701 of NRS is hereby amended by adding  
2     thereto the provisions set forth as sections 2 to 9, inclusive, of this  
3     act.

4     **Sec. 2.** *The Legislature hereby declares that the purpose of*  
5     *sections 2 to 9, inclusive, of this act is to benefit the general*  
6     *welfare of the residents of this state by providing loans to owners*  
7     *of homes and small businesses in this state for the purchase of*  
8     *equipment to reduce and conserve energy, and finds that this*  
9     *purpose is a charitable purpose within the meaning of Section 9 of*  
10    *Article 8 of the Constitution of the State of Nevada.*

11    **Sec. 3.** *As used in sections 2 to 9, inclusive, of this act, unless*  
12    *the context otherwise requires, the words and terms defined in*  
13    *sections 4, 5 and 6 of this act have the meanings ascribed to them*  
14    *in those sections.*

15    **Sec. 4.** *“Corporation for public benefit” has the meaning*  
16    *ascribed to it in NRS 82.021.*

17    **Sec. 5.** *“Home” means a structure used primarily for*  
18    *residential purposes and includes, without limitation:*

- 19     1. *A single-family dwelling;*
- 20     2. *A unit in a multiple-family structure;*
- 21     3. *A mobile home; and*
- 22     4. *The common elements of a common-interest community,*  
23     *as defined in NRS 116.110318 and any appurtenance to the*  
24     *common elements.*

25    **Sec. 6.** *“Small business” means a business conducted for*  
26    *profit which employs fewer than 20 full-time or part-time*  
27    *employees.*

28    **Sec. 7. 1.** *The Director shall cause to be created in this*  
29    *state a corporation for public benefit to provide loans to owners of*  
30    *homes and small businesses in this state for the purchase of*  
31    *equipment to reduce and conserve energy.*

32    2. *A loan must be for a period of not less than 3 years and not*  
33    *more than 10 years. The annual rate of interest is 1.99 percent.*

34    **Sec. 8. 1.** *The Director may apply for any available grants*  
35    *and accept any gifts, grants or donations of money or other type of*  
36    *assistance that becomes available to carry out the provisions of*  
37    *sections 2 to 9, inclusive, of this act.*

38    2. *All money the Director receives pursuant to paragraph (b)*  
39    *of subsection 4 of NRS 702.170 and sections 2 to 9, inclusive, of*  
40    *this act:*

41     (a) *Must be deposited in the State Treasury and accounted for*  
42     *separately in the State General Fund;*

43     (b) *Must be used only to carry out the provisions of sections 2*  
44     *to 9, inclusive, of this act; and*



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1       (c) *Does not revert to the State General Fund at the end of any*  
2 *fiscal year.*

3       3. *The Director shall administer the account. Any interest or*  
4 *income earned on the money in the account must be credited to*  
5 *the account. Any claims against the account must be paid as other*  
6 *claims against the State are paid.*

7       **Sec. 9. The Director shall:**

8       1. *Adopt such regulations as he deems necessary to carry out*  
9 *the provisions of sections 2 to 9, inclusive, of this act, including,*  
10 *without limitation, regulations which prescribe the requirements*  
11 *concerning eligibility for and use of the money loaned by the*  
12 *corporation for public benefit pursuant to section 7 of this act for*  
13 *the purchasing of equipment to reduce and conserve energy.*

14       2. *Provide the corporation for public benefit created pursuant*  
15 *to section 7 of this act with such assistance as is necessary to carry*  
16 *out the provisions of sections 2 to 9, inclusive, of this act and*  
17 *comply with the regulations adopted pursuant to this section.*

18       **Sec. 10.** NRS 701.180 is hereby amended to read as follows:

19       701.180 The Director shall:

20       1. Acquire and analyze information relating to energy and to  
21 the supply, demand and conservation of its sources.

22       2. Utilize all available public and private means to provide  
23 information to the public about problems relating to energy and to  
24 explain how conservation of energy and its sources may be  
25 accomplished.

26       3. Review and evaluate information which identifies trends and  
27 permits forecasting of the energy available to the State. Such  
28 forecasts must include estimates on:

29       (a) The level of demand for energy in the State for 5-, 10- and  
30 20-year periods;

31       (b) The amount of energy available to meet each level of  
32 demand;

33       (c) The probable implications of the forecast on the demand and  
34 supply of energy; and

35       (d) The sources of renewable energy and other alternative  
36 sources of energy which are available and their possible effects.

37       4. Study means of reducing wasteful, inefficient, unnecessary  
38 or uneconomical uses of energy and encourage the maximum  
39 utilization of existing sources of energy in the State.

40       5. Encourage the development of:

41       (a) Any sources of renewable energy and any other energy  
42 projects which will benefit the State; and

43       (b) Any measures which conserve or reduce the demand for  
44 energy or which result in more efficient use of energy.



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1       6. In conjunction with the Desert Research Institute, review  
2 policies relating to the research and development of the State's  
3 geothermal resources and make recommendations to the appropriate  
4 state and federal agencies for establishing methods of developing  
5 the geothermal resources within the State.

6       7. Solicit and serve as the point of contact for grants and other  
7 money from the Federal Government and other sources to promote:

8       (a) Energy projects that enhance the economic development of  
9 the State;

10       (b) The use of renewable energy; and

11       (c) The use of measures which conserve or reduce the demand  
12 for energy or which result in more efficient use of energy.

13       8. Coordinate the activities and programs of the Office of  
14 Energy with the activities and programs of the Task Force, the  
15 Consumer's Advocate and the Public Utilities Commission of  
16 Nevada and other federal, state and local officers and agencies that  
17 promote, fund, administer or operate activities and programs related  
18 to the use of renewable energy and the use of measures which  
19 conserve or reduce the demand for energy or which result in more  
20 efficient use of energy.

21       9. *Carry out the provisions of sections 2 to 9, inclusive, of this*  
22 *act.*

23       10. Carry out all other directives concerning energy that are  
24 prescribed by the Governor.

25       **Sec. 11.** NRS 702.170 is hereby amended to read as follows:

26       702.170 1. The Commission shall adopt regulations to carry  
27 out and enforce the provisions of NRS 702.160. Such regulations  
28 may require public utilities, municipal utilities and retail customers  
29 that are required to collect or remit money for the universal energy  
30 charge to file reports and to provide the Commission with  
31 information relating to compliance with the requirements of the  
32 universal energy charge.

33       2. In carrying out the provisions of NRS 702.160, the  
34 Commission shall solicit advice from the Consumer's Advocate of  
35 the Bureau of Consumer Protection in the Office of the Attorney  
36 General, public utilities and municipal utilities and other  
37 knowledgeable persons.

38       3. The Commission may conduct audits and investigations of  
39 public utilities, municipal utilities and retail customers that are  
40 required to collect or remit money for the universal energy charge, if  
41 the Commission determines that such audits and investigations are  
42 necessary to verify compliance with the requirements of the  
43 universal energy charge. In conducting such audits and  
44 investigations, the Commission may exercise any of the  
45 investigative powers granted to the Commission pursuant to chapter



1 703 of NRS, including, without limitation, the power to issue orders  
2 to compel the appearance of witnesses and the production of books,  
3 accounts, papers and records.

4 4. To carry out its powers and duties pursuant to this chapter,  
5 the Commission is entitled to an administrative charge of not more  
6 than 3 percent of the money collected for the universal energy  
7 charge. After deduction of its administrative charge, the  
8 Commission shall deposit the remaining money collected for the  
9 universal energy charge in the *following manner*:

10 (a) *Seventy-five percent must be deposited in the* State Treasury  
11 *for credit to the Fund* ~~H~~; *and*

12 (b) *Twenty-five percent must be deposited in the State Treasury*  
13 *for credit to the account established for the corporation for public*  
14 *benefit created pursuant to section 7 of this act.*

15 5. The Commission may bring an appropriate action in its own  
16 name for recovery of any money that a person fails to pay, collect or  
17 remit in violation of the requirements of the universal energy  
18 charge.

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

21 1. *Each utility shall establish a program for the purchase and*  
22 *installation of equipment for renewable energy in the homes of its*  
23 *residential customers in this state.*

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

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

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

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

33 3. *As used in this section:*

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

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

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

39 704.763 1. On and after October 1, 2001, each electric utility  
40 shall disclose to its retail customers information about electric  
41 services, and any products and services relating thereto, that are  
42 being provided to or purchased for those retail customers by the  
43 electric utility. The disclosure must:

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



1 (b) Be included:

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

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

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

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

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

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

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

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

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

36 (c) Information concerning customer service.

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

41 3. An electric utility:

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



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

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

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

14 6. As used in this section:

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

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

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

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

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

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

24 704.771 "Net metering system" means a facility or energy  
25 system for the generation of electricity that:

26 1. Uses renewable energy as its primary source of energy to  
27 generate electricity;

28 2. Has a generating capacity *and customer load* of not more  
29 than ~~100~~ *100* kilowatts;

30 3. Is located on the customer-generator's premises;

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

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

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

36 704.7811 1. "Renewable energy" means:

37 (a) Biomass;

38 (b) Geothermal energy;

39 (c) Solar energy; ~~and~~

40 (d) Wind ~~[-]; and~~

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

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



1     **Sec. 16.** NRS 704.7815 is hereby amended to read as follows:  
2     704.7815 "Renewable energy system" means:

3     1. A facility or energy system that:  
4       (a) Uses renewable energy to generate electricity; and  
5       (b) Transmits or distributes the electricity that it generates from  
6     renewable energy via:

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

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

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

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

19    **Sec. 17.** NRS 704.7821 is hereby amended to read as follows:

20    704.7821 1. For each provider of electric service, the  
21    Commission shall establish a portfolio standard for renewable  
22    energy. The portfolio standard must require each provider to  
23    generate or acquire electricity from renewable energy systems in an  
24    amount that is:

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

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

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

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

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

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

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





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

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

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

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

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

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

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

32 6. If, for any calendar year, a provider is unable to comply with  
33 its portfolio standard through the generation of electricity from its  
34 own renewable energy systems or, if applicable, through the use of  
35 renewable energy credits, the provider shall take actions to acquire  
36 electricity pursuant to one or more renewable energy contracts. If  
37 the Commission determines that, for a calendar year, there is not or  
38 will not be a sufficient supply of electricity made available to the  
39 provider pursuant to renewable energy contracts with just and  
40 reasonable terms and conditions, the Commission shall exempt the  
41 provider, for that calendar year, from the remaining requirements of  
42 its portfolio standard or from any appropriate portion thereof, as  
43 determined by the Commission.

44 7. The Commission shall adopt regulations for the  
45 determination of just and reasonable terms and conditions for the



1 renewable energy contracts that a provider of electric service must  
2 enter into to comply with its portfolio standard.

3 8. As used in this section:

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

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

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

12 Sec. 3. 1. This section ~~become~~ *becomes* effective on  
13 July 1, 2001.

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

17 3. This act expires by limitation on June 30, ~~2003.~~  
18 *2013.*

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

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

