

ASSEMBLY BILL NO. 431—ASSEMBLYWOMAN GIUNCHIGLIANI

MARCH 17, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Establishes program to provide incentives for
installation of certain solar energy systems.
(BDR 53-723)

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 the membership of the Task Force for Renewable Energy and Energy Conservation; requiring the Public Utilities Commission of Nevada to adopt a system of renewable energy credits; providing for the establishment of the Solar Energy Systems Demonstration Program; and providing other matters properly relating thereto.

- 1 WHEREAS, Distributed generation of electricity using solar
- 2 technology, including photovoltaic cells, can play an important role
- 3 in the future of energy production in Nevada; and
- 4 WHEREAS, Even though each individual solar energy system is
- 5 small, the combination of a large number of systems on homes,
- 6 businesses, schools and public buildings can reduce the demand for
- 7 electricity at times of peak consumption; and
- 8 WHEREAS, A large demand for individual solar energy systems
- 9 will have the effect of creating new, skilled jobs and lead to the
- 10 location in this state of the manufacturing of these systems and
- 11 research into and development of these systems; and
- 12 WHEREAS, The Nevada Legislature recently passed legislation
- 13 creating a portfolio standard for renewable energy for producers of
- 14 electricity and seeks to build upon that effort; and
- 15 WHEREAS, Legislative action is necessary to accelerate the
- 16 development of a market for photovoltaic systems in schools, public



1 buildings, homes and small businesses and to encourage the use of
2 trained and certified solar energy system installers; now, therefore,

3
4 THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
5 SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:
6

7 **Section 1.** NRS 701.350 is hereby amended to read as follows:

8 701.350 1. The Task Force for Renewable Energy and
9 Energy Conservation is hereby created. The Task Force consists of
10 ~~nine~~ 10 members who are appointed as follows:

11 (a) Two members appointed by the Majority Leader of the
12 Senate, one of whom represents the interests of the renewable
13 energy industry in this state with respect to biomass and the other of
14 whom represents the interests of the mining industry in this state.

15 (b) Two members appointed by the Speaker of the Assembly,
16 one of whom represents the interests of the renewable energy
17 industry in this state with respect to geothermal energy and the other
18 of whom represents the interests of a nonprofit organization
19 dedicated to the protection of the environment or to the conservation
20 of energy or the efficient use of energy.

21 (c) One member appointed by the Minority Leader of the Senate
22 to represent the interests of the renewable energy industry in this
23 state with respect to solar energy.

24 (d) One member appointed by the Minority Leader of the
25 Assembly to represent the interests of the public utilities in this
26 state.

27 (e) Two members appointed by the Governor, one of whom
28 represents the interests of the renewable energy industry in this state
29 with respect to wind and the other of whom represents the interests
30 of the gaming industry in this state.

31 (f) One member appointed by the Consumer's Advocate to
32 represent the interests of the consumers in this state.

33 *(g) One member appointed by the governing board of the State*
34 *of Nevada AFL-CIO or, if the State of Nevada AFL-CIO ceases to*
35 *exist, by its successor organization or, if there is no successor*
36 *organization, by the Governor.*

37 2. A member of the Task Force:

38 (a) Must be a citizen of the United States and a resident of this
39 state.

40 (b) Must have training, education, experience or knowledge
41 concerning:

42 (1) The development or use of renewable energy;

43 (2) Financing, planning or constructing renewable energy
44 generation projects;



- 1 (3) Measures which conserve or reduce the demand for
- 2 energy or which result in more efficient use of energy;
- 3 (4) Weatherization;
- 4 (5) Building and energy codes and standards;
- 5 (6) Grants or incentives concerning energy;
- 6 (7) Public education or community relations; or
- 7 (8) Any other matter within the duties of the Task Force.

8 (c) Must not be an officer or employee of the Legislative or
9 Judicial Department of State Government.

10 3. After the initial terms, the term of each member of the Task
11 Force is 3 years. A vacancy on the Task Force must be filled for the
12 remainder of the unexpired term in the same manner as the original
13 appointment. A member may be reappointed to the Task Force.

14 4. A member of the Task Force who is an officer or employee
15 of this state or a political subdivision of this state must be relieved
16 from his duties without loss of his regular compensation so that he
17 may prepare for and attend meetings of the Task Force and perform
18 any work that is necessary to carry out the duties of the Task Force
19 in the most timely manner practicable. A state agency or political
20 subdivision of this state shall not require an officer or employee who
21 is a member of the Task Force to:

22 (a) Make up the time he is absent from work to carry out his
23 duties as a member of the Task Force; or

24 (b) Take annual leave or compensatory time for the absence.

25 **Sec. 2.** NRS 704.7815 is hereby amended to read as follows:

26 704.7815 "Renewable energy system" means:

27 1. A facility or energy system that:

28 (a) Uses renewable energy to generate electricity; and

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

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

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

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

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

43 **Sec. 3.** NRS 704.7821 is hereby amended to read as follows:

44 704.7821 1. For each provider of electric service, the
45 Commission shall establish a portfolio standard for renewable



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

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

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

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

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

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

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

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

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

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

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

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

41 3. If, for the benefit of one or more of its retail customers in
42 this state, the provider has subsidized, in whole or in part, the
43 acquisition or installation of a solar ~~thermal~~ energy system which
44 qualifies as a renewable energy system and which reduces the
45 consumption of electricity, the total reduction in the consumption of



1 electricity during each calendar year that results from the solar
2 ~~thermal~~ energy system shall be deemed to be electricity that the
3 provider generated or acquired from a renewable energy system for
4 the purposes of complying with its portfolio standard.

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

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

10 6. If, for any calendar year, a provider is unable to comply with
11 its portfolio standard through the generation of electricity from its
12 own renewable energy systems or, if applicable, through the use of
13 renewable energy credits, the provider shall take actions to acquire
14 electricity pursuant to one or more renewable energy contracts. If
15 the Commission determines that, for a calendar year, there is not or
16 will not be a sufficient supply of electricity made available to the
17 provider pursuant to renewable energy contracts with just and
18 reasonable terms and conditions, the Commission shall exempt the
19 provider, for that calendar year, from the remaining requirements of
20 its portfolio standard or from any appropriate portion thereof, as
21 determined by the Commission.

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

26 8. As used in this section:

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

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

33 **Sec. 4.** As used in sections 4 to 21, inclusive, of this act,
34 unless the context otherwise requires, the words and terms defined
35 in sections 5 to 13, inclusive, of this act have the meaning ascribed
36 to them in those sections.

37 **Sec. 5.** "Applicant" means a person who is applying to
38 participate in the Demonstration Program.

39 **Sec. 6.** "Category" means one of the categories of participants
40 in the Demonstration Program as set forth in section 14 of this act.

41 **Sec. 7.** "Committee" means the Task Force for Renewable
42 Energy and Energy Conservation created by NRS 701.350.

43 **Sec. 8.** "Demonstration Program" means the Solar Energy
44 Systems Demonstration Program created by section 14 of this act.



1 **Sec. 9.** "Participant" means a person who has been approved
2 by the Public Utilities Commission of Nevada, pursuant to section
3 18 of this act, to participate in the Demonstration Program.

4 **Sec. 10.** "Person" includes a governmental entity.

5 **Sec. 11.** "Program year" means the period of July 1 to June 30
6 of the following year.

7 **Sec. 12.** "Solar energy system" means a facility or energy
8 system for the generation of electricity that uses photovoltaic cells
9 and solar energy to generate electricity.

10 **Sec. 13.** "Utility" means a public utility that supplies
11 electricity in this state.

12 **Sec. 14.** 1. The Solar Energy Systems Demonstration
13 Program is hereby created.

14 2. The Demonstration Program shall have three categories of
15 participants as follows:

- 16 (a) Schools;
17 (b) Other public buildings; and
18 (c) Private residences and small businesses.

19 3. A person is eligible to participate in the Demonstration
20 Program if the person:

21 (a) To install a solar energy system, uses an installer who has
22 been issued a classification C-2 license with the appropriate
23 subclassification by the State Contractors' Board pursuant to the
24 regulations adopted by the Board; and

25 (b) For a participant in the category of schools or a participant in
26 the category of public buildings, provides for the public display of
27 the solar energy system, including, without limitation, providing for
28 public demonstrations of the solar energy system and for hands-on
29 experience of the solar energy system by the public.

30 4. In addition to the requirements of subsection 3, to be eligible
31 to participate in the Demonstration Program, a person must be
32 approved by the Public Utilities Commission of Nevada.

33 5. The Public Utilities Commission of Nevada shall adopt
34 regulations providing for the qualifications an applicant must meet
35 to qualify to participate in the Demonstration Program in the
36 particular category of:

- 37 (a) Schools;
38 (b) Other public buildings; or
39 (c) Private residences or small businesses.

40 **Sec. 15.** 1. On or before November 1, 2003, the Committee
41 shall:

42 (a) Develop an application for the Demonstration Program; and

43 (b) Advertise for the submission of applications for the
44 Demonstration Program for the program year beginning July 1,
45 2004.



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1 2. On or before November 1, 2004, and on or before
2 November 1 of each subsequent year, the Committee shall advertise
3 for the submission of applications for the Demonstration Program
4 for the following program year.

5 3. The advertisements of the Committee for application for the
6 Demonstration Program must include, without limitation:

7 (a) A description of the requirements for participation in the
8 Demonstration Program;

9 (b) A description of the incentives available to participants in
10 the Demonstration Program; and

11 (c) A description of the application process to participate in the
12 Demonstration Program.

13 **Sec. 16.** 1. On or before February 1, 2004, and on or before
14 February 1 of each subsequent year, an applicant desiring to
15 participate in the Demonstration Program for the following program
16 year must apply to the Committee, on an application form
17 prescribed by the Committee.

18 2. The applicant shall include in the application to the
19 Committee:

20 (a) A designation of the category of the applicant.

21 (b) The kilowatt capacity of the proposed solar energy system.

22 (c) For an applicant in the category of schools or an applicant in
23 the category of other public buildings, a description of the plan to
24 provide for the public display of the solar energy system.

25 (d) Any other information required by the Committee.

26 **Sec. 17.** 1. On or before March 1, 2004, the Committee
27 shall:

28 (a) Review the applications submitted for participation in the
29 Demonstration Program for the program year beginning July 1,
30 2004, to ensure that the requirements of subsection 3 of section 14
31 of this act are met; and

32 (b) Nominate qualified applicants for participation in the
33 Demonstration Program for the program year beginning July 1,
34 2004.

35 2. On or before February 1, 2005, and on or before February 1
36 of each subsequent year, the Committee shall:

37 (a) Review the applications submitted for participation in the
38 Demonstration Program for the following program year to ensure
39 that the requirements of subsection 3 of section 14 of this act are
40 met; and

41 (b) Nominate qualified applicants for participation in the
42 Demonstration Program for the following program year.

43 3. If the Committee nominates an applicant for participation in
44 the Demonstration Program, the Committee shall forward the



1 application to the Public Utilities Commission of Nevada within 15
2 days after making the decision to nominate the applicant.

3 **Sec. 18.** 1. On or before May 1 of each year, the Public
4 Utilities Commission of Nevada shall:

5 (a) Review each application nominated by the Committee to
6 ensure that the application meets the requirements of subsection 3 of
7 section 14 of this act; and

8 (b) From those nominees, select participants for the
9 Demonstration Program for the following program year.

10 2. The Public Utilities Commission of Nevada may approve,
11 from among the applications nominated by the Committee, solar
12 energy systems totaling:

13 (a) For the program year beginning July 1, 2004:

14 (1) 100 kilowatts of capacity for schools;
15 (2) 200 kilowatts of capacity for other public buildings; and
16 (3) 200 kilowatts of capacity for private residences and small
17 businesses.

18 (b) For the program year beginning July 1, 2005:

19 (1) An additional 450 kilowatts of capacity for schools;
20 (2) An additional 450 kilowatts of capacity for other public
21 buildings and
22 (3) An additional 600 kilowatts of capacity for private
23 residences and small businesses.

24 (c) For the program year beginning July 1, 2006:

25 (1) An additional 900 kilowatts of capacity for schools;
26 (2) An additional 900 kilowatts of capacity for other public
27 buildings; and
28 (3) An additional 1200 kilowatts of capacity for private
29 residences and small businesses.

30 3. The Public Utilities Commission of Nevada shall notify each
31 nominee of its selections no later than 10 days after the decision is
32 made.

33 **Sec. 19.** 1. After the participant installs the solar energy
34 system included in the Demonstration Program, the Public Utilities
35 Commission of Nevada shall issue to the participant the following
36 renewable energy credits for use within the system of renewable
37 energy credits adopted by the Commission pursuant to
38 NRS 704.7821:

39 (a) For a participant in the category of schools or a participant in
40 the category of other public buildings, the participant is entitled to
41 renewable energy credits equal to twice the actual or estimated
42 kilowatt-hour production of the solar energy system of the
43 participant for a period of not less than 10 years.

44 (b) For a participant in the category for private residences and
45 small businesses, the participant is entitled to renewable energy



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1 credits equal to the actual or estimated kilowatt-hour production of
2 the solar energy system of the participant.

3 2. The Commission shall designate the renewable energy
4 credits issued to the participant pursuant to subsection 1 as
5 renewable energy credits generated or acquired from
6 solar renewable energy systems. The participant may transfer the
7 renewable energy credits to a utility if the participant complies with
8 the regulations adopted by the Commission to complete such a
9 transfer.

10 3. The Commission shall adopt regulations to provide for the
11 requirements and the procedures that a participant must follow to
12 transfer renewable energy credits from the participant to a utility.

13 **Sec. 20.** 1. If the solar energy system used by a participant in
14 the Demonstration Program meets the requirements of NRS 704.766
15 to 704.775, inclusive, the participant is entitled to participate in net
16 metering pursuant to the provisions of NRS 704.766 to 704.775,
17 inclusive.

18 2. If the utility which provides service to the participant offers
19 an optional pricing plan that allows the utility to charge a customer
20 varying rates per kilowatt-hour of electricity depending on the time
21 of day that the customer uses the electricity, the participant is also
22 entitled to participate in net metering under that optional pricing
23 plan.

24 3. A participant who participates in net metering must be billed
25 on a monthly basis by the utility.

26 4. Notwithstanding the provisions of paragraph (c) of
27 subsection 2 of NRS 704.775, the utility shall credit the participant
28 for the excess energy generated by the participant which is fed back
29 to the utility that exceeds the electricity supplied by the utility to the
30 participant during any billing period. This credit must be applied
31 toward the electricity consumed by the participant in the 11 billing
32 periods immediately following the billing period in which the credit
33 accrues. Any credit that accrues to the participant during a billing
34 period that is not applied toward the electricity consumed by the
35 participant during the 11 billing periods immediately following must
36 expire without compensation to the participant. The electricity
37 represented by the expired credit shall be deemed to be electricity
38 that the utility generated or acquired from a renewable energy
39 system to comply with its portfolio standard pursuant to NRS
40 704.7801 to 704.7828, inclusive.

41 5. If the participant participates in net metering under an
42 optional pricing plan pursuant to the provisions of subsection 2, any
43 credit accrued by the participant pursuant to subsection 3 during a
44 billing period must, until exhausted, be applied first toward the
45 electricity consumed by the participant during peak period



1 consumption, second toward the electricity consumed by the
2 participant during mid-peak period consumption and finally toward
3 the electricity consumed by the participant during off-peak period
4 consumption.

5 **Sec. 21.** If the Public Utilities Commission of Nevada
6 determines that a participant did not comply with the requirements
7 for participation in the Demonstration Program, the Public Utilities
8 Commission of Nevada shall, after notice and an opportunity for a
9 hearing, withdraw the participant from the Demonstration Program.

10 **Sec. 22.** As soon as practicable after July 1, 2003, the
11 governing board of the State of Nevada AFL-CIO shall make the
12 appointment to the Task Force for Renewable Energy and Energy
13 Conservation required by the amendatory provisions of section 1 of
14 this act.

15 **Sec. 23.** This act becomes effective on July 1, 2003.

16 **Sec. 24.** The provisions of sections 4 to 21, inclusive, of this
17 act expire by limitation on June 30, 2007.

