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SENATE BILL NO. 188—COMMITTEE ON COMMERCE AND LABOR

MARCH 15, 2005

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Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to energy.  
(BDR 58-364)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

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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; revising provisions governing the portfolio standard for renewable energy and energy from a qualified energy recovery process; allowing a provider of electric service to receive credits under the portfolio standard for certain energy efficiency measures; authorizing the Public Utilities Commission of Nevada to establish a temporary renewable energy development program for certain purposes; enacting provisions concerning the financial impact of certain long-term contracts required by the portfolio standard; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Under existing law, a specific percentage of the electricity sold by public  
2 utilities and other providers of electric service must be generated or acquired from  
3 certain types of renewable energy systems. This requirement is called the portfolio  
4 standard for renewable energy and energy from a qualified energy recovery  
5 process. (NRS 704.7801-704.7828) A provider may comply with the portfolio  
6 standard by using its own renewable energy systems to generate electricity, by  
7 entering into renewable energy contracts to purchase electricity from other parties  
8 or by acquiring credits under the system of renewable energy credits established by  
9 the Public Utilities Commission of Nevada. (NRS 704.7821)

10 This bill allows a provider to receive credits toward meeting the portfolio  
11 standard if the provider pays part of the costs for certain energy efficiency measures  
12 that save electricity. The provider may receive additional credits if the energy  
13 efficiency measures save electricity during periods when the demand for electricity  
14 is at its peak.

15 This bill also allows the Commission to adopt regulations establishing a  
16 temporary renewable energy development program to assist with the completion of



17 new renewable energy projects which have contracts to supply electricity to  
18 providers under the portfolio standard. If a temporary renewable energy  
19 development program is established, this bill creates certain requirements and  
20 procedures for closing the program.

21 Under existing law, a provider that is a public utility may be required to enter  
22 into certain long-term contracts to comply with the portfolio standard.  
23 (NRS 704.7821)

24 This bill requires the Commission to adopt regulations establishing methods to  
25 classify the financial impact of such long-term contracts as additional imputed debt  
26 of the provider.

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

1 **Section 1.** For the purposes of NRS 704.7801 to 704.7828,  
2 inclusive, as amended by the provisions of this act, the Legislature  
3 hereby finds and declares that:

4 1. It is the policy of this State to encourage and accelerate the  
5 development of new renewable energy projects and to create  
6 successful markets for electricity generated by those projects using  
7 the abundant and diverse renewable energy resources available in  
8 Nevada;

9 2. In recent sessions, the Legislature has enacted legislation  
10 establishing a portfolio standard for renewable energy and energy  
11 from a qualified energy recovery process to promote the  
12 development and use of renewable energy resources by providers of  
13 electric service;

14 3. To carry out the policy of this State regarding renewable  
15 energy resources, the Public Utilities Commission of Nevada has  
16 adopted regulations establishing a temporary renewable energy  
17 development program that is designed to assist with the completion  
18 of new renewable energy projects;

19 4. By enacting the provisions of this act relating to the portfolio  
20 standard and new renewable energy projects, it is the intent of the  
21 Legislature to facilitate the temporary renewable energy  
22 development program and to support the efforts of the Public  
23 Utilities Commission of Nevada to carry out the policy of this State  
24 regarding renewable energy resources;

25 5. It is the policy of this State to promote the conservation of  
26 energy through the use of energy efficiency measures in residences  
27 and businesses, especially during periods of peak load for providers  
28 of electric service;

29 6. By enacting the provisions of this act relating to energy  
30 efficiency measures, it is the intent of the Legislature to incorporate  
31 energy efficiency measures into the portfolio standard and to create  
32 successful markets for energy efficiency measures so that those



1 measures will be used in residences and businesses to reduce the  
2 demand for electricity, especially during periods of peak load;

3 7. As set forth in NRS 704.001, it is the policy of this State to  
4 balance the interests of customers and shareholders of public  
5 utilities by providing public utilities with the opportunity to earn a  
6 fair return on their investments while providing customers with just  
7 and reasonable rates; and

8 8. By enacting the provisions of this act relating to the financial  
9 impact of long-term contracts entered into by a provider of electric  
10 service under the portfolio standard, it is the intent of the Legislature  
11 to balance the interests of customers and providers arising under the  
12 portfolio standard and to provide for the appropriate regulatory  
13 treatment of the costs incurred by a provider to comply with the  
14 portfolio standard.

15 **Sec. 2.** Chapter 704 of NRS is hereby amended by adding  
16 thereto the provisions set forth as sections 3 to 8, inclusive, of this  
17 act.

18 **Sec. 3. 1. “Energy efficiency measure” means any measure**  
19 **designed, intended or used to improve energy efficiency if:**

20 (a) *The measure is installed on or after January 1, 2005, at the*  
21 *service location of a retail customer in this State;*

22 (b) *The measure reduces the consumption of energy by the*  
23 *retail customer; and*

24 (c) *The acquisition or installation of the measure is directly*  
25 *subsidized, in whole or in part, by the provider of electric service*  
26 *for the retail customer.*

27 2. *The term does not include:*

28 (a) *Any demand response measure or load limiting measure*  
29 *that shifts the consumption of energy by a retail customer from*  
30 *one period to another period.*

31 (b) *Any solar energy system which qualifies as a renewable*  
32 *energy system and which reduces the consumption of electricity,*  
33 *natural gas or propane.*

34 **Sec. 4. “Portfolio energy credit” means any credit which a**  
35 **provider has earned from a portfolio energy system or efficiency**  
36 **measure and which the provider is entitled to use to comply with**  
37 **its portfolio standard, as determined by the Commission.**

38 **Sec. 5. “Portfolio energy system or efficiency measure”**  
39 **means:**

40 1. *Any renewable energy system; or*

41 2. *Any energy efficiency measure.*

42 **Sec. 6. “Utility provider” means a provider of electric service**  
43 **that is a public utility.**



1       **Sec. 7. 1.** *Except as otherwise provided in this section or by*  
2 *specific statute, a provider is entitled to one portfolio credit for*  
3 *each kilowatt-hour of electricity that the provider generates,*  
4 *acquires or saves from a portfolio energy system or efficiency*  
5 *measure.*

6       **2.** *The Commission may adopt regulations that give a*  
7 *provider more than one portfolio credit for each kilowatt-hour of*  
8 *electricity saved by the provider during its peak load period from*  
9 *energy efficiency measures.*

10       **Sec. 8. 1.** *The Commission may adopt regulations to*  
11 *establish a temporary renewable energy development program that*  
12 *is designed to assist with the completion of new renewable energy*  
13 *projects.*

14       **2.** *The Commission may require a utility provider to*  
15 *participate in a temporary renewable energy development*  
16 *program.*

17       **3.** *If the Commission adopts regulations establishing a*  
18 *temporary renewable energy development program, the program*  
19 *may include, without limitation:*

20       **(a)** *The establishment of a private trust administered by an*  
21 *independent trustee; and*

22       **(b)** *The payment of money from the private trust to assist with*  
23 *the completion of new renewable energy projects.*

24       **4.** *If a utility provider is participating in a temporary*  
25 *renewable energy development program, the utility provider may*  
26 *apply to the Commission for authority to close the program to new*  
27 *renewable energy projects if the utility provider has achieved an*  
28 *investment grade credit rating as determined by either Moody's*  
29 *Investors Service, Inc., or Standard and Poor's Rating Services*  
30 *and has maintained that credit rating for 24 consecutive months.*

31       **5.** *The Commission may grant an application to close a*  
32 *temporary renewable energy development program only after*  
33 *finding that the creditworthiness of the utility provider is*  
34 *sufficiently restored so that closure of the program to new*  
35 *renewable energy projects is in the public interest.*

36       **6.** *An order issued by the Commission closing a temporary*  
37 *renewable energy development program to new renewable energy*  
38 *projects is not effective as to any new renewable energy project*  
39 *which has previously been accepted into the program and which is*  
40 *receiving money from a private trust established under the*  
41 *program until the earlier of:*

42       **(a)** *The expiration or termination of the original renewable*  
43 *energy contract approved by the Commission between the utility*  
44 *provider and the new renewable energy project; or*



1       ***(b) The original financing, including debt, equity, or both debt***  
2 ***and equity, as applicable, entered into by the new renewable***  
3 ***energy project upon completion of construction of the project has***  
4 ***been fully satisfied pursuant to its original terms.***

5       ***7. As used in this section, “new renewable energy project”***  
6 ***means a project to construct a renewable energy system if:***

7       ***(a) The project is associated with one or more renewable***  
8 ***energy contracts approved by the Commission pursuant to NRS***  
9 ***704.7821; and***

10       ***(b) Construction on the project commenced on or after July 1,***  
11 ***2001.***

12       **Sec. 9.** NRS 704.775 is hereby amended to read as follows:

13       704.775 1. The billing period for net metering may be either  
14 a monthly period or, with the written consent of the customer-  
15 generator, an annual period.

16       2. The net energy measurement must be calculated in the  
17 following manner:

18       (a) The utility shall measure the net electricity produced or  
19 consumed during the billing period, in accordance with normal  
20 metering practices.

21       (b) If the electricity supplied by the utility exceeds the electricity  
22 generated by the customer-generator which is fed back to the utility  
23 during the billing period, the customer-generator must be billed for  
24 the net electricity supplied by the utility.

25       (c) If the electricity generated by the customer-generator which  
26 is fed back to the utility exceeds the electricity supplied by the  
27 utility during the billing period:

28               (1) Neither the utility nor the customer-generator is entitled  
29 to compensation for electricity provided to the other during the  
30 billing period; and

31               (2) The excess electricity which is fed back to the utility shall  
32 be deemed to be electricity that the utility generated or acquired  
33 from a renewable energy system for the purposes of complying with  
34 its portfolio standard pursuant to NRS 704.7801 to 704.7828,  
35 inclusive ~~[ ]~~, ***and sections 3 to 8, inclusive, of this act.***

36       **Sec. 10.** NRS 704.7801 is hereby amended to read as follows:

37       704.7801 As used in NRS 704.7801 to 704.7828, inclusive,  
38 ***and sections 3 to 8, inclusive, of this act***, unless the context  
39 otherwise requires, the words and terms defined in NRS 704.7805 to  
40 704.7818, inclusive, ***and sections 3 to 6, inclusive, of this act*** have  
41 the meanings ascribed to them in those sections.

42       **Sec. 11.** NRS 704.7805 is hereby amended to read as follows:

43       704.7805 “Portfolio standard” means ~~[a portfolio standard for~~  
44 ~~renewable energy and energy from a qualified energy recovery~~  
45 ~~process.]~~ ***the amount of electricity that a provider must generate,***



1 *acquire or save from portfolio energy systems or efficiency*  
2 *measures, as* established by the Commission pursuant to  
3 NRS 704.7821.

4 **Sec. 12.** NRS 704.7821 is hereby amended to read as follows:

5 704.7821 1. For each provider of electric service, the  
6 Commission shall establish a portfolio standard . ~~for renewable~~  
7 ~~energy and energy from a qualified energy recovery process.~~ The  
8 portfolio standard must require each provider to generate , ~~or~~  
9 acquire *or save* electricity from ~~renewable~~ *portfolio* energy  
10 systems *or efficiency measures* in an amount that is:

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

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

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

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

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

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

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

32 (a) Of the total amount of electricity that the provider is required  
33 to generate , ~~or~~ acquire *or save* from ~~renewable~~ *portfolio* energy  
34 systems *or efficiency measures* during each calendar year, not less  
35 than 5 percent of that amount must be generated or acquired from  
36 solar renewable energy systems.

37 (b) *For calendar year 2005 and for each calendar year*  
38 *thereafter through calendar year 2009, of the total amount of*  
39 *electricity that the provider is required to generate, acquire or save*  
40 *from portfolio energy systems or efficiency measures during each*  
41 *such calendar year, not more than 25 percent of that amount may*  
42 *be based on energy efficiency measures.*

43 (c) If the provider acquires *or saves* electricity from a  
44 ~~renewable~~ *portfolio* energy system *or efficiency measure* pursuant



1 to a renewable energy contract *or energy efficiency contract* with  
2 another party:

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

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

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

26 4. The Commission shall adopt regulations that establish a  
27 system of ~~[renewable]~~ *portfolio* energy credits that may be used by a  
28 provider to comply with its portfolio standard.

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

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

45 7. The Commission shall adopt regulations *that establish:*



1       **(a) Standards** for the determination of just and reasonable terms  
2 and conditions for the renewable energy contracts **and energy**  
3 **efficiency contracts** that a provider ~~[of electric service]~~ must enter  
4 into to comply with its portfolio standard.

5       **(b) Methods to classify the financial impact of each long-term**  
6 **renewable energy contract and energy efficiency contract as an**  
7 **additional imputed debt of a utility provider. The regulations must**  
8 **allow the provider to propose an amount to be added to the cost of**  
9 **the contract, at the time the contract is approved by the**  
10 **Commission, equal to a compensating component in the capital**  
11 **structure of the provider.**

12       8. As used in this section:

13       **(a) “Energy efficiency contract” means a contract to attain**  
14 **energy savings from one or more energy efficiency measures**  
15 **owned, operated or controlled by other parties.**

16       **(b) “Renewable energy contract” means a contract to acquire**  
17 **electricity from one or more renewable energy systems owned,**  
18 **operated or controlled by other parties.**

19       ~~[(b)]~~ **(c) “Terms and conditions” includes, without limitation,**  
20 **the price that a provider ~~[of electric service]~~ must pay to acquire**  
21 **electricity pursuant to a renewable energy contract ~~[ ]~~ or to attain**  
22 **energy savings pursuant to an energy efficiency contract.**

23       **Sec. 13.** NRS 704.7825 is hereby amended to read as follows:

24       704.7825 1. Each provider of electric service shall submit to  
25 the Commission an annual report that provides information relating  
26 to the actions taken by the provider to comply with its portfolio  
27 standard.

28       2. Each provider shall submit the annual report to the  
29 Commission after the end of each calendar year and within the time  
30 prescribed by the Commission. The report must be submitted in a  
31 format approved by the Commission.

32       3. The Commission may adopt regulations that require  
33 providers to submit to the Commission additional reports during  
34 each calendar year.

35       4. Each annual report and each additional report must include  
36 clear and concise information that sets forth:

37       (a) The amount of electricity which the provider generated, ~~[or]~~  
38 **acquired or saved** from ~~[renewable]~~ **portfolio** energy systems **or**  
39 **efficiency measures** during the reporting period and, if applicable,  
40 the amount of ~~[renewable]~~ **portfolio** energy credits that the provider  
41 acquired, sold or traded during the reporting period to comply with  
42 its portfolio standard;

43       (b) The capacity of each renewable energy system owned,  
44 operated or controlled by the provider, the total amount of electricity  
45 generated by each such system during the reporting period and the



1 percentage of that total amount which was generated directly from  
2 renewable energy;

3 (c) Whether, during the reporting period, the provider began  
4 construction on, acquired or placed into operation any renewable  
5 energy system and, if so, the date of any such event; ~~and~~

6 (d) *Whether, during the reporting period, the provider*  
7 *participated in the acquisition or installation of any energy*  
8 *efficiency measures and, if so, the date of any such event; or*

9 (e) Any other information that the Commission by regulation  
10 may deem relevant.

11 *5. Based on the reports submitted by providers pursuant to*  
12 *this section, the Commission shall compile information that sets*  
13 *forth whether any provider has used energy efficiency measures to*  
14 *comply with its portfolio standard and, if so, the type of energy*  
15 *efficiency measures used and the amount of energy savings*  
16 *attributable to each such energy efficiency measure. The*  
17 *Commission shall report such information to:*

18 (a) *The Legislature, not later than the first day of each regular*  
19 *session; and*

20 (b) *The Legislative Commission, if requested by the Chairman*  
21 *of the Commission.*

22 **Sec. 14.** NRS 704.7828 is hereby amended to read as follows:

23 704.7828 1. The Commission shall adopt regulations to carry  
24 out and enforce the provisions of NRS 704.7801 to 704.7828,  
25 inclusive ~~1~~ , *and sections 3 to 8, inclusive, of this act.* The  
26 regulations adopted by the Commission may include any  
27 enforcement mechanisms which are necessary and reasonable to  
28 ensure that each provider of electric service complies with its  
29 portfolio standard. Such enforcement mechanisms may include,  
30 without limitation, the imposition of administrative fines.

31 2. If a provider does not comply with its portfolio standard for  
32 any calendar year and the Commission has not exempted the  
33 provider from the requirements of its portfolio standard pursuant to  
34 NRS 704.7821, the Commission may impose an administrative fine  
35 against the provider or take other administrative action against the  
36 provider, or do both.

37 3. The Commission may impose an administrative fine against  
38 a provider based upon:

39 (a) Each kilowatt-hour of electricity that the provider does not  
40 generate , ~~for~~ acquire *or save* from ~~fa renewable energy system or a~~  
41 ~~solar renewable energy system~~ *portfolio energy systems or*  
42 *efficiency measures* during a calendar year in violation of its  
43 portfolio standard; or

44 (b) Any other reasonable formula adopted by the Commission.



1 4. In the aggregate, the administrative fines imposed against a  
2 provider for all violations of its portfolio standard for a single  
3 calendar year must not exceed the amount which is necessary and  
4 reasonable to ensure that the provider complies with its portfolio  
5 standard, as determined by the Commission.

6 5. If the Commission imposes an administrative fine against a  
7 *utility* provider : ~~{that is a public utility-}~~

8 (a) The administrative fine is not a cost of service of the *utility*  
9 provider;

10 (b) The *utility* provider shall not include any portion of the  
11 administrative fine in any application for a rate adjustment or rate  
12 increase; and

13 (c) The Commission shall not allow the *utility* provider to  
14 recover any portion of the administrative fine from its retail  
15 customers.

16 6. All administrative fines imposed and collected pursuant to  
17 this section must be deposited in the State General Fund.

18 **Sec. 15.** NRS 704B.320 is hereby amended to read as follows:

19 704B.320 1. For eligible customers whose loads are in the  
20 service territory of an electric utility that primarily serves densely  
21 populated counties, the aggregate amount of energy that all such  
22 eligible customers purchase from providers of new electric  
23 resources before July 1, 2003, must not exceed 50 percent of the  
24 difference between the existing supply of energy generated in this  
25 State that is available to the electric utility and the existing demand  
26 for energy in this State that is consumed by the customers of the  
27 electric utility, as determined by the Commission.

28 2. An eligible customer that is a nongovernmental commercial  
29 or industrial end-use customer whose load is in the service territory  
30 of an electric utility that primarily serves densely populated counties  
31 shall not purchase energy, capacity or ancillary services from a  
32 provider of new electric resources unless, as part of the proposed  
33 transaction, the eligible customer agrees to:

34 (a) Contract with the provider to purchase:

35 (1) An additional amount of energy which is equal to 10  
36 percent of the total amount of energy that the eligible customer is  
37 purchasing for its own use under the proposed transaction and which  
38 is purchased at the same price, terms and conditions as the energy  
39 purchased by the eligible customer for its own use; and

40 (2) The capacity and ancillary services associated with the  
41 additional amount of energy at the same price, terms and conditions  
42 as the capacity and ancillary services purchased by the eligible  
43 customer for its own use; and

44 (b) Offers to assign the rights to the contract to the electric  
45 utility for use by the remaining customers of the electric utility.



1 3. If an eligible customer is subject to the provisions of  
2 subsection 2, the eligible customer shall include with its application  
3 filed pursuant to NRS 704B.310 all information concerning  
4 the contract offered to the electric utility that is necessary for the  
5 Commission to determine whether it is in the best interest of the  
6 remaining customers of the electric utility for the electric utility to  
7 accept the rights to the contract. Such information must include,  
8 without limitation, the amount of the energy and capacity to be  
9 purchased under the contract, the price of the energy, capacity and  
10 ancillary services and the duration of the contract.

11 4. Notwithstanding any specific statute to the contrary,  
12 information concerning the price of the energy, capacity and  
13 ancillary services and any other terms or conditions of the contract  
14 that the Commission determines are commercially sensitive:

15 (a) Must not be disclosed by the Commission except to the  
16 Regulatory Operations Staff of the Commission, the Consumer's  
17 Advocate and his staff and the electric utility for the purposes of  
18 carrying out the provisions of this section; and

19 (b) Shall be deemed to be confidential for all other purposes,  
20 and the Commission shall take such actions as are necessary to  
21 protect the confidentiality of such information.

22 5. If the Commission determines that the contract:

23 (a) Is not in the best interest of the remaining customers of  
24 the electric utility, the electric utility shall not accept the rights to  
25 the contract, and the eligible customer is entitled to all rights to the  
26 contract.

27 (b) Is in the best interest of the remaining customers of the  
28 electric utility, the electric utility shall accept the rights to the  
29 contract and the eligible customer shall assign all rights to  
30 the contract to the electric utility. A contract that is assigned to the  
31 electric utility pursuant to this paragraph shall be deemed to be an  
32 approved part of the resource plan of the electric utility and a  
33 prudent investment, and the electric utility may recover all costs for  
34 the energy, capacity and ancillary services acquired pursuant to the  
35 contract. To the extent practicable, the Commission shall take  
36 actions to ensure that the electric utility uses the energy, capacity  
37 and ancillary services acquired pursuant to each such contract only  
38 for the benefit of the remaining customers of the electric utility that  
39 are not eligible customers, with a preference for the remaining  
40 customers of the electric utility that are residential customers with  
41 small loads.

42 6. The provisions of this section do not exempt the electric  
43 utility, in whole or in part, from the requirements imposed on the  
44 electric utility pursuant to NRS 704.7801 to 704.7828, inclusive,  
45 *and sections 3 to 8, inclusive, of this act* to comply with its



1 portfolio standard . ~~[for renewable energy and energy from a~~  
2 ~~qualified energy recovery process.]~~ The Commission shall not take  
3 any actions pursuant to this section that conflict with or diminish  
4 those requirements.

5 **Sec. 16.** Section 19 of the Solar Energy Systems  
6 Demonstration Program Act, being chapter 331, Statutes of Nevada  
7 2003, as amended by chapter 478, Statutes of Nevada 2003, at page  
8 3034, is hereby amended to read as follows:

9 Sec. 19. 1. After the participant installs the solar  
10 energy system included in the Demonstration Program, the  
11 Public Utilities Commission of Nevada shall issue to the  
12 participant ~~[renewable]~~ *portfolio* energy credits for use within  
13 the system of ~~[renewable]~~ *portfolio* energy credits adopted  
14 by the Commission pursuant to NRS 704.7821 equal to 2.4  
15 times the actual or estimated kilowatt-hour production of the  
16 solar energy system.

17 2. The Commission shall designate the ~~[renewable]~~  
18 *portfolio* energy credits issued to the participant pursuant to  
19 subsection 1 as ~~[renewable]~~ *portfolio* energy credits  
20 generated or acquired from solar renewable energy systems.  
21 The participant may transfer the ~~[renewable]~~ *portfolio* energy  
22 credits to a utility if the participant complies with the  
23 regulations adopted by the Commission to complete such a  
24 transfer.

25 3. The Commission shall adopt regulations to provide  
26 for the requirements and the procedures that a participant  
27 must follow to transfer ~~[renewable]~~ *portfolio* energy credits  
28 from the participant to a utility.

29 **Sec. 17.** Section 20 of the Solar Energy Systems  
30 Demonstration Program Act, being chapter 331, Statutes of Nevada  
31 2003, at page 1870, is hereby amended to read as follows:

32 Sec. 20. 1. If the solar energy system used by a  
33 participant in the Demonstration Program meets the  
34 requirements of NRS 704.766 to 704.775, inclusive, the  
35 participant is entitled to participate in net metering pursuant  
36 to the provisions of NRS 704.766 to 704.775, inclusive.

37 2. If the utility which provides service to the participant  
38 offers an optional pricing plan that allows the utility to charge  
39 a customer varying rates per kilowatt-hour of electricity  
40 depending on the time of day that the customer uses the  
41 electricity, the participant is also entitled to participate in net  
42 metering under that optional pricing plan.

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



1           4. Notwithstanding the provisions of paragraph (c) of  
2 subsection 2 of NRS 704.775, the utility shall credit the  
3 participant for the excess energy generated by the participant  
4 which is fed back to the utility that exceeds the electricity  
5 supplied by the utility to the participant during any billing  
6 period. This credit must be applied toward the electricity  
7 consumed by the participant in the 11 billing periods  
8 immediately following the billing period in which the credit  
9 accrues. Any credit that accrues to the participant during a  
10 billing period that is not applied toward the electricity  
11 consumed by the participant during the 11 billing periods  
12 immediately following must expire without compensation to  
13 the participant. The electricity represented by the expired  
14 credit shall be deemed to be electricity that the utility  
15 generated or acquired from a *solar* renewable energy system  
16 to comply with its portfolio standard pursuant to NRS  
17 704.7801 to 704.7828, inclusive ~~§~~, and *sections 3 to 8,*  
18 *inclusive, of this act.*

19           5. If the participant participates in net metering under an  
20 optional pricing plan pursuant to the provisions of subsection  
21 2, any credit accrued by the participant pursuant to subsection  
22 3 during a billing period must, until exhausted, be applied  
23 first toward the electricity consumed by the participant during  
24 peak period consumption, second toward the electricity  
25 consumed by the participant during mid-peak period  
26 consumption and finally toward the electricity consumed by  
27 the participant during off-peak period consumption.

28       **Sec. 18.** 1. This act becomes effective upon passage and  
29 approval.

30       2. Sections 16 and 17 of this act expire by limitation on  
31 June 30, 2007.







