

SENATE BILL NO. 188—COMMITTEE ON COMMERCE AND LABOR

MARCH 15, 2005

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.

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:

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

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

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



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

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

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

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

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

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

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

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

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

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

6. By enacting the provisions of this act relating to energy efficiency measures, it is the intent of the Legislature to incorporate energy efficiency measures into the portfolio standard and to create 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*



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

704.7805 “Portfolio standard” means ~~[a portfolio standard for renewable energy and energy from a qualified energy recovery 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 , ~~for~~
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 , ~~for~~ 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:*



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

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

8. As used in this section:

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

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

~~[(b)]~~ (c) “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 ~~[]~~ *or to attain energy savings pursuant to an energy efficiency contract.*

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

(a) Contract with the provider to purchase:

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

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

(b) Offers to assign the rights to the contract to the electric 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.



