

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.

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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 of a provider of electric*  
22 *service in this State;*

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

25 (c) *The costs of the acquisition or installation of the measure*  
26 *are directly reimbursed, in whole or in part, by the provider of*  
27 *electric service.*

28 2. *The term does not include:*

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

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

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

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

41 1. *Any renewable energy system; or*

42 2. *Any energy efficiency measure.*

43 **Sec. 6. “Utility provider” means a provider of electric service**  
44 **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 energy credit*  
3 *for 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 energy credit for each kilowatt-*  
8 *hour of electricity saved by the provider during its peak load*  
9 *period from 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 carry out*  
23 *the terms and conditions of renewable energy contracts approved*  
24 *by the Commission between a utility provider and one or more new*  
25 *renewable energy projects.*

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

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

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



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

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

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

10    (a) *The project is associated with one or more renewable*  
11 *energy contracts approved by the Commission pursuant to NRS*  
12 *704.7821; and*

13    (b) *Construction on the project commenced on or after July 1,*  
14 *2001.*

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

16     704.775 1. The billing period for net metering may be either  
17 a monthly period or, with the written consent of the customer-  
18 generator, an annual period.

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

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

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

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

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

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

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

40     704.7801 As used in NRS 704.7801 to 704.7828, inclusive,  
41 *and sections 3 to 8, inclusive, of this act*, unless the context  
42 otherwise requires, the words and terms defined in NRS 704.7805 to  
43 704.7818, inclusive, *and sections 3 to 6, inclusive, of this act* have  
44 the meanings ascribed to them in those sections.



1     **Sec. 11.** NRS 704.7805 is hereby amended to read as follows:  
2     704.7805 “Portfolio standard” means ~~[a portfolio standard for~~  
3 ~~renewable energy and energy from a qualified energy recovery~~  
4 ~~process]~~ *the amount of electricity that a provider must generate,*  
5 *acquire or save from portfolio energy systems or efficiency*  
6 *measures, as* established by the Commission pursuant to  
7 NRS 704.7821.

8     **Sec. 12.** NRS 704.7821 is hereby amended to read as follows:  
9     704.7821 1. For each provider of electric service, the  
10 Commission shall establish a portfolio standard . ~~[for renewable~~  
11 ~~energy and energy from a qualified energy recovery process.]~~ The  
12 portfolio standard must require each provider to generate , ~~for]~~  
13 acquire *or save* electricity from ~~[renewable]~~ *portfolio* energy  
14 systems *or efficiency measures* in an amount that is:

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

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

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

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

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

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

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

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

41     (b) *Of the total amount of electricity that the provider is*  
42 *required to generate, acquire or save from portfolio energy*  
43 *systems or efficiency measures during each calendar year, not*  
44 *more than 25 percent of that amount may be based on energy*  
45 *efficiency measures. If the provider intends to use energy*



*efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission.*

(c) If the provider acquires *or saves* electricity from a ~~renewable~~ *portfolio* energy system *or efficiency measure* pursuant to a renewable energy contract *or energy efficiency contract* with another party:

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

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

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

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

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

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



1 sufficient supply of electricity *or a sufficient amount of energy*  
2 *savings* made available to the provider pursuant to renewable energy  
3 contracts *and energy efficiency contracts* with just and reasonable  
4 terms and conditions, the Commission shall exempt the provider, for  
5 that calendar year, from the remaining requirements of its portfolio  
6 standard or from any appropriate portion thereof, as determined by  
7 the Commission.

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

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

13 (b) *Methods to classify the financial impact of each long-term*  
14 *renewable energy contract and energy efficiency contract as an*  
15 *additional imputed debt of a utility provider. The regulations must*  
16 *allow the utility provider to propose an amount to be added to the*  
17 *cost of the contract, at the time the contract is approved by the*  
18 *Commission, equal to a compensating component in the capital*  
19 *structure of the utility provider. In evaluating any proposal made*  
20 *by a utility provider pursuant to this paragraph, the Commission*  
21 *shall consider the effect that the proposal will have on the rates*  
22 *paid by the retail customers of the utility provider.*

23 8. As used in this section:

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

27 (b) *“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)}~~ (c) *“Terms and conditions” includes, without limitation,*  
31 *the price that a provider ~~{of electric service}~~ must pay to acquire*  
32 *electricity pursuant to a renewable energy contract ~~{}~~ or to attain*  
33 *energy savings pursuant to an energy efficiency contract.*

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

35 704.7825 1. Each provider of electric service shall submit to  
36 the Commission an annual report that provides information relating  
37 to the actions taken by the provider to comply with its portfolio  
38 standard.

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

43 3. The Commission may adopt regulations that require  
44 providers to submit to the Commission additional reports during  
45 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 ~~1~~, *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



1 against the provider or take other administrative action against the  
2 provider, or do both.

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

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

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

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

16 5. If the Commission imposes an administrative fine against a  
17 *utility* provider : ~~[that is a public utility:]~~

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

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

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

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

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

29 704B.320 1. For eligible customers whose loads are in the  
30 service territory of an electric utility that primarily serves densely  
31 populated counties, the aggregate amount of energy that all such  
32 eligible customers purchase from providers of new electric  
33 resources before July 1, 2003, must not exceed 50 percent of the  
34 difference between the existing supply of energy generated in this  
35 State that is available to the electric utility and the existing demand  
36 for energy in this State that is consumed by the customers of the  
37 electric utility, as determined by the Commission.

38 2. An eligible customer that is a nongovernmental commercial  
39 or industrial end-use customer whose load is in the service territory  
40 of an electric utility that primarily serves densely populated counties  
41 shall not purchase energy, capacity or ancillary services from a  
42 provider of new electric resources unless, as part of the proposed  
43 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.

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

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

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

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

5. If the Commission determines that the contract:

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

(b) Is in the best interest of the remaining customers of the electric utility, the electric utility shall accept the rights to the contract and the eligible customer shall assign all rights to the contract to the electric utility. A contract that is assigned to the electric utility pursuant to this paragraph shall be deemed to be an approved part of the resource plan of the electric utility and a prudent investment, and the electric utility may recover all costs for



1 the energy, capacity and ancillary services acquired pursuant to the  
2 contract. To the extent practicable, the Commission shall take  
3 actions to ensure that the electric utility uses the energy, capacity  
4 and ancillary services acquired pursuant to each such contract only  
5 for the benefit of the remaining customers of the electric utility that  
6 are not eligible customers, with a preference for the remaining  
7 customers of the electric utility that are residential customers with  
8 small loads.

9 6. The provisions of this section do not exempt the electric  
10 utility, in whole or in part, from the requirements imposed on the  
11 electric utility pursuant to NRS 704.7801 to 704.7828, inclusive,  
12 *and sections 3 to 8, inclusive, of this act* to comply with its  
13 portfolio standard . ~~{for renewable energy and energy from a~~  
14 ~~qualified energy recovery process.}~~ The Commission shall not take  
15 any actions pursuant to this section that conflict with or diminish  
16 those requirements.

17 **Sec. 16.** Section 19 of the Solar Energy Systems  
18 Demonstration Program Act, being chapter 331, Statutes of Nevada  
19 2003, as amended by chapter 478, Statutes of Nevada 2003, at page  
20 3034, is hereby amended to read as follows:

21 Sec. 19. 1. After the participant installs the solar  
22 energy system included in the Demonstration Program, the  
23 Public Utilities Commission of Nevada shall issue to the  
24 participant ~~{renewable}~~ *portfolio* energy credits for use within  
25 the system of ~~{renewable}~~ *portfolio* energy credits adopted  
26 by the Commission pursuant to NRS 704.7821 equal to 2.4  
27 times the actual or estimated kilowatt-hour production of the  
28 solar energy system.

29 2. The Commission shall designate the ~~{renewable}~~  
30 *portfolio* energy credits issued to the participant pursuant to  
31 subsection 1 as ~~{renewable}~~ *portfolio* energy credits  
32 generated or acquired from solar renewable energy systems.  
33 The participant may transfer the ~~{renewable}~~ *portfolio* energy  
34 credits to a utility if the participant complies with the  
35 regulations adopted by the Commission to complete such a  
36 transfer.

37 3. The Commission shall adopt regulations to provide  
38 for the requirements and the procedures that a participant  
39 must follow to transfer ~~{renewable}~~ *portfolio* energy credits  
40 from the participant to a utility.

41 **Sec. 17.** Section 20 of the Solar Energy Systems  
42 Demonstration Program Act, being chapter 331, Statutes of Nevada  
43 2003, at page 1870, is hereby amended to read as follows:

44 Sec. 20. 1. If the solar energy system used by a  
45 participant in the Demonstration Program meets the



1 requirements of NRS 704.766 to 704.775, inclusive, the  
2 participant is entitled to participate in net metering pursuant  
3 to the provisions of NRS 704.766 to 704.775, inclusive.

4 2. If the utility which provides service to the participant  
5 offers an optional pricing plan that allows the utility to charge  
6 a customer varying rates per kilowatt-hour of electricity  
7 depending on the time of day that the customer uses the  
8 electricity, the participant is also entitled to participate in net  
9 metering under that optional pricing plan.

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

12 4. Notwithstanding the provisions of paragraph (c) of  
13 subsection 2 of NRS 704.775, the utility shall credit the  
14 participant for the excess energy generated by the participant  
15 which is fed back to the utility that exceeds the electricity  
16 supplied by the utility to the participant during any billing  
17 period. This credit must be applied toward the electricity  
18 consumed by the participant in the 11 billing periods  
19 immediately following the billing period in which the credit  
20 accrues. Any credit that accrues to the participant during a  
21 billing period that is not applied toward the electricity  
22 consumed by the participant during the 11 billing periods  
23 immediately following must expire without compensation to  
24 the participant. The electricity represented by the expired  
25 credit shall be deemed to be electricity that the utility  
26 generated or acquired from a *solar* renewable energy system  
27 to comply with its portfolio standard pursuant to NRS  
28 704.7801 to 704.7828, inclusive ~~§~~ , and *sections 3 to 8,*  
29 *inclusive, of this act.*

30 5. If the participant participates in net metering under an  
31 optional pricing plan pursuant to the provisions of subsection  
32 2, any credit accrued by the participant pursuant to subsection  
33 3 during a billing period must, until exhausted, be applied  
34 first toward the electricity consumed by the participant during  
35 peak period consumption, second toward the electricity  
36 consumed by the participant during mid-peak period  
37 consumption and finally toward the electricity consumed by  
38 the participant during off-peak period consumption.

39 **Sec. 18.** 1. This act becomes effective upon passage and  
40 approval.

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







