

ASSEMBLY BILL NO. 178—ASSEMBLYMEN BOBZIEN, BUCKLEY,
LESLIE, PIERCE, ANDERSON, CONKLIN, HORNE,
KIRKPATRICK, MANENDO, OCEGUERA, PARKS AND
SEGERBLOM

FEBRUARY 26, 2007

JOINT SPONSOR: SENATOR TITUS

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to net metering and
energy. (BDR 58-1054)

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

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to energy; revising various provisions relating to
net metering; providing for the establishment of the Wind
Energy Systems Demonstration Program; and providing
other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law authorizes a customer of an electric utility to use a net metering system on the customer's premises to generate electricity to offset part or all of the customer's requirements for electricity. The net metering system must use renewable energy as its primary source of energy to generate electricity, and the system is allowed to have a generating capacity of not more than 150 kilowatts. (NRS 704.766-704.775)

Section 1 of this bill allows a customer-generator to use a net metering system of not more than 5,000 kilowatts. **Section 2** of this bill revises the process for a customer-generator to obtain authorization from a utility to engage in net metering. **Section 3** of this bill changes the method for calculating the value of the electricity generated by certain net metering systems.

Under the Solar Energy Systems Demonstration Program Act, certain entities, such as schools and public agencies, which install solar energy systems are entitled to participate in a demonstration program and receive incentives for such participation. (Chapter 331, Statutes of Nevada 2003, p. 1868) The Solar Energy



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16 Systems Demonstration Program Act expires by limitation on June 30, 2010.
17 (Chapter 2, Statutes of Nevada 2005, 22nd Special Session, p. 90)
18 **Sections 5-29** of this bill enact the Wind Energy Systems Demonstration
19 Program Act, a similar demonstration program for wind energy systems. Under this
20 bill, the Wind Energy Systems Demonstration Program Act expires by limitation on
21 June 30, 2011.

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

1 **Section 1.** NRS 704.771 is hereby amended to read as follows:
2 704.771 “Net metering system” means a facility or energy
3 system for the generation of electricity that:

- 4 1. Uses renewable energy as its primary source of energy to
5 generate electricity;
6 2. Has a generating capacity of not more than ~~1,500~~ 5,000
7 kilowatts;
8 3. Is located on the customer-generator’s premises;
9 4. Operates in parallel with the utility’s transmission and
10 distribution facilities; and
11 5. Is intended primarily to offset part or all of the customer-
12 generator’s requirements for electricity.

13 **Sec. 2.** NRS 704.773 is hereby amended to read as follows:
14 704.773 1. A utility shall ~~offer~~ :

15 *(a) Develop a net metering tariff and standard net metering*
16 *contract by which the customers within its service area may*
17 *engage in net metering [, as set forth in NRS 704.775, to the*
18 *customer-generators operating within its service area until] as*
19 *customer-generators pursuant to NRS 704.766 to 704.775,*
20 *inclusive; and*

21 *(b) Make copies of the net metering tariff and standard net*
22 *metering contract and all other necessary applications and forms*
23 *to engage in net metering as a customer-generator available:*

- 24 *(1) Upon request by a customer; and*
25 *(2) Through the Internet in a form that may be downloaded*
26 *by a customer.*

27 2. *Except as otherwise provided in subsection 3, a utility shall*
28 *allow a customer to engage in net metering as a customer-*
29 *generator if the customer:*

30 *(a) Submits completed applications to the utility in accordance*
31 *with this section and the procedures set forth in the utility’s net*
32 *metering tariff; and*

33 *(b) Enters into an interconnection agreement and net metering*
34 *contract with the utility.*



1 3. A utility may deny an application from a customer to
2 engage in net metering as a customer-generator if the cumulative
3 capacity of all ~~[such]~~ net metering systems operating within the
4 utility's service area is equal to or greater than 1 percent of the
5 utility's peak capacity.

6 ~~[2-]~~ 4. Except as otherwise provided in this subsection, after
7 a customer submits a completed application to a utility to enter
8 into an interconnection agreement, the utility shall process the
9 application and respond to the customer not later than 30 days
10 after the date the utility receives the completed application. If the
11 utility is unable to process the application within the 30-day
12 period, the utility shall notify the customer and the Commission of
13 the reason for the delay and the expected date the process will be
14 completed.

15 5. After the customer enters into an interconnection
16 agreement with the utility, the customer must submit to the utility
17 a completed application to begin net metering. The completed
18 application must include the signed interconnection agreement
19 and an electric inspection clearance certificate from the
20 governmental authority having jurisdiction over the location of the
21 net metering system.

22 6. Except as otherwise provided in this subsection, after the
23 customer submits a completed application to begin net metering
24 pursuant to subsection 5, the utility shall process the application
25 and respond to the customer within a period not to exceed the
26 lesser of:

27 (a) The average time it takes the utility to respond to similarly
28 situated customers requesting new electric service; or

29 (b) Thirty days from the date the utility receives the completed
30 application.

31 ↪ If the utility is unable to process the application within the
32 applicable period, the utility shall notify the customer and the
33 Commission of the reason for the delay and the expected date
34 the process will be completed.

35 7. If the net metering system of a customer-generator ~~[who~~
36 ~~accepts the offer of a utility for net metering]~~ has a capacity of not
37 more than ~~[30]~~ 1,000 kilowatts, the utility:

38 (a) Shall offer to make available to the customer-generator an
39 energy meter that is capable of registering the flow of electricity in
40 two directions.

41 (b) May, at its own expense and with the written consent of the
42 customer-generator, install one or more additional meters to monitor
43 the flow of electricity in each direction.

44 (c) Shall not charge a customer-generator any fee or charge that
45 would increase the customer-generator's minimum monthly charge



1 to an amount greater than that of other customers of the utility in the
2 same rate class as the customer-generator.

3 ~~[3. If the net metering system of a customer-generator who~~
4 ~~accepts the offer of a utility for net metering has a capacity of more~~
5 ~~than 30 kilowatts, the utility may:~~

6 ~~—(a) Require the customer-generator to install at its own cost an~~
7 ~~energy meter that is capable of measuring generation output and~~
8 ~~customer load.~~

9 ~~—(b) Charge the customer-generator any applicable fee or charge~~
10 ~~charged to other customers of the utility in the same rate class as the~~
11 ~~customer-generator, including, without limitation, customer,~~
12 ~~demand and facility charges.]~~

13 **Sec. 3.** NRS 704.775 is hereby amended to read as follows:

14 704.775 1. The billing period for net metering must be a
15 monthly period.

16 2. If a customer-generator's net metering system has a capacity
17 of not more than ~~[30]~~ **1,000** kilowatts, the net energy measurement
18 must be calculated in the following manner:

19 (a) The utility shall ~~[measure.]~~ :

20 *(1) Measure, in kilowatt-hours, the ~~[net electricity produced~~*
21 *~~or consumed]~~ amount of electricity supplied by the utility to the*
22 *customer-generator during the billing period ~~[-in accordance with~~*
23 *~~normal metering practices.] and calculate its value using the tariff~~*
24 *~~or contract that would be applicable if the customer-generator did~~*
25 *~~not use a net metering system; and~~*

26 *(2) Measure, in kilowatt-hours, the amount of electricity*
27 *generated by the customer-generator which is fed back to the*
28 *utility during the billing period and calculate its value at a rate*
29 *that is consistent with the rate used to calculate the value of the*
30 *electricity supplied by the utility. If the customer-generator is*
31 *billed for electricity pursuant to a time-of-use rate schedule, the*
32 *value of the electricity generated by the customer-generator must*
33 *be calculated at the same price per kilowatt-hour which the utility*
34 *would charge the customer-generator for each kilowatt-hour of*
35 *usage by the customer-generator during that same time-of-use*
36 *period.*

37 (b) If the *value of the* electricity supplied by the utility exceeds
38 the *value of the* electricity generated by the customer-generator
39 which is fed back to the utility during the billing period, the
40 customer-generator must be billed for the net *value of the* electricity
41 supplied by the utility.

42 (c) If the *value of the* electricity generated by the customer-
43 generator which is fed back to the utility exceeds the *value of the*
44 electricity supplied by the utility during the billing period:



(1) Neither the utility nor the customer-generator is entitled to compensation for *the value of the* electricity provided to the other during the billing period.

(2) The *value of the* excess electricity which is fed back to the utility during the billing period is carried forward to the next billing period as an addition to the ~~[kilowatt-hours]~~ *value of the electricity* generated by the customer-generator ~~[in]~~ *during that next* billing period ~~[-. If the customer-generator is billed for electricity pursuant to a time-of-use rate schedule, the excess electricity carried forward must be added to the same time-of-use period as the time-of-use period in which it was generated unless the subsequent billing period lacks a corresponding time-of-use period. In that case, the excess electricity carried forward must be apportioned evenly among the available time-of-use periods.~~

~~—— (3) Excess]~~ *or as a subtraction from the value of the electricity supplied by the utility during that next billing period, whichever is more appropriate.*

(3) *The value of the excess* electricity may be carried forward to subsequent billing periods indefinitely, but a customer-generator is not entitled to receive compensation for any *portion of the value of the* excess electricity that remains if:

(I) The net metering system ceases to operate or is disconnected from the utility's transmission and distribution facilities;

(II) The customer-generator ceases to be a customer of the utility at the premises served by the net metering system; or

(III) The customer-generator transfers the net metering system to another person.

(4) The excess electricity , *measured in kilowatt-hours*, 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.

3. If a customer-generator's net metering system has a capacity of more than ~~{30}~~ *1,000* kilowatts, the net energy measurement must be calculated in the following manner:

(a) The utility shall:

(1) Measure, in kilowatt-hours, the amount of electricity supplied by the utility to the customer-generator during the billing period and calculate its value using the tariff *or contract* that would be applicable if the customer-generator did not use a net metering system; and

(2) Measure, in kilowatt-hours, the amount of electricity generated by the customer-generator which is fed back to the utility during the billing period and calculate its value at a rate that is



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1 consistent with the rate used to calculate the value of the electricity
2 supplied by the utility.

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

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

11 (1) Neither the utility nor the customer-generator is entitled
12 to compensation for the value of the electricity provided to the other
13 during the billing period.

14 (2) The value of the excess electricity:

15 (I) Must not be shown as a credit on the customer-
16 generator's bill for that billing period but must be reflected as a
17 credit that is carried forward to offset the value of the electricity
18 supplied by the utility during a subsequent billing period. At the
19 discretion of the utility, the credit may be in a dollar amount or in
20 kilowatt-hours. If the credit is reflected as excess electricity and the
21 customer-generator is billed for electricity pursuant to a time-of-use
22 rate schedule, the excess electricity carried forward must be added
23 to the same time-of-use period as the time-of-use period in which it
24 was generated unless the subsequent billing period lacks a
25 corresponding time-of-use period. In that case, the excess electricity
26 carried forward must be apportioned evenly among the available
27 time-of-use periods. Excess electricity may be carried forward to
28 subsequent billing periods indefinitely, but a customer-generator is
29 not entitled to receive compensation for any excess electricity that
30 remains if the net metering system ceases to operate or is
31 disconnected from the utility's transmission and distribution
32 facilities, the customer-generator ceases to be a customer of the
33 utility at the premises served by the net metering system or the
34 customer-generator transfers the net metering system to another
35 person.

36 (II) Does not reduce any other fee or charge imposed by
37 the utility.

38 (3) The excess electricity , *measured in kilowatt-hours*,
39 which is fed back to the utility shall be deemed to be electricity that
40 the utility generated or acquired from a renewable energy system for
41 the purposes of complying with its portfolio standard pursuant to
42 NRS 704.7801 to 704.7828, inclusive.

43 4. A bill for electrical service is due at the time established
44 pursuant to the terms of the contract between the utility and the
45 customer-generator.



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Sec. 4. NRS 704.860 is hereby amended to read as follows:

704.860 "Utility facility" means:

1. Electric generating plants and their associated facilities, except:

(a) Electric generating plants and their associated facilities that are or will be located entirely within the boundaries of a county whose population is 100,000 or more; or

(b) Electric generating plants and their associated facilities which use or will use renewable energy, as defined in NRS 704.7811, as their primary source of energy to generate electricity and which have or will have a generating capacity of not more than ~~1,500~~ 5,000 kilowatts, including, without limitation, a net metering system, as defined in NRS 704.771.

➔ As used in this subsection, "associated facilities" includes, without limitation, any facilities for the storage, transmission or treatment of water, including, without limitation, facilities to supply water or for the treatment or disposal of wastewater, which support or service an electric generating plant.

2. Electric transmission lines and transmission substations that:

(a) Are designed to operate at 200 kilovolts or more;

(b) Are not required by local ordinance to be placed underground; and

(c) Are constructed outside any incorporated city.

3. Gas transmission lines, storage plants, compressor stations and their associated facilities when constructed outside:

(a) Any incorporated city; and

(b) Any county whose population is 100,000 or more.

4. Water storage, transmission and treatment facilities, other than facilities for the storage, transmission or treatment of water from mining operations.

5. Sewer transmission and treatment facilities.

Sec. 5. Sections 5 to 29, inclusive, of this act may be cited as the Wind Energy Systems Demonstration Program Act.

Sec. 6. As used in sections 5 to 29, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 7 to 21, inclusive, of this act have the meaning ascribed to them in those sections.

Sec. 7. "Agricultural property" means any real property employed for an agricultural use as defined in NRS 361A.030.

Sec. 8. "Applicant" means a person who is applying to participate in the Wind Demonstration Program.

Sec. 9. "Category" means one of the categories of participation in the Wind Demonstration Program as set forth in section 22 of this act.



Sec. 10. "Commission" means the Public Utilities Commission of Nevada.

Sec. 11. "Committee" means the Task Force for Renewable Energy and Energy Conservation created by NRS 701.350.

Sec. 12. "Institution of higher education" means:

1. A university, college or community college which is privately owned or which is part of the Nevada System of Higher Education; or

2. A postsecondary educational institution, as defined in NRS 394.099, or any other institution of higher education.

Sec. 13. "Participant" means a person who has been selected by the Committee pursuant to section 26 of this act to participate in the Wind Demonstration Program.

Sec. 14. "Person" includes a governmental entity.

Sec. 15. "Program year" means the period of July 1 to June 30 of the following year.

Sec. 16. "Public property" means any real property, building or facilities owned, leased or occupied by:

1. A department, agency or instrumentality of the State or any of its political subdivisions which is used for the transaction of public or quasi-public business; or

2. A nonprofit organization that is recognized as exempt from taxation pursuant to 26 U.S.C. § 501(c)(3) of the Internal Revenue Code, as amended, or a corporation for public benefit as defined in NRS 82.021.

Sec. 17. "School property" means any real property, building or facilities owned, leased or occupied by:

1. A public school as defined in NRS 385.007;

2. A private school as defined in NRS 394.103; or

3. An institution of higher education.

Sec. 18. "Small business" means a business conducted for profit which employs 500 or fewer full-time or part-time employees.

Sec. 19. "Utility" means a public utility that supplies electricity in this State.

Sec. 20. "Wind Demonstration Program" or "Program" means the Wind Energy Systems Demonstration Program created by section 22 of this act.

Sec. 21. "Wind energy system" means a facility or energy system for the generation of electricity that uses wind energy to generate electricity.

Sec. 22. 1. The Wind Energy Systems Demonstration Program is hereby created.

2. The Program must have four categories as follows:

(a) School property;

(b) Other public property;



- (c) Private residential property and small business property; and
- (d) Agricultural property.

3. To be eligible to participate in the Program, a person must:

(a) Meet the qualifications established by the Commission pursuant to section 23 of this act;

(b) Submit an application to a utility and be selected by the Committee for inclusion in the Program pursuant to sections 25 and 26 of this act;

(c) When installing the wind energy system, use an installer who has been issued a classification C-2 license with the appropriate subclassification by the State Contractors' Board pursuant to the regulations adopted by the Board; and

(d) If the person will be participating in the Program in the category of school property or other public property, provide for the public display of the wind energy system, including, without limitation, providing for public demonstrations of the wind energy system and for hands-on experience of the wind energy system by the public.

Sec. 23. The Commission shall adopt regulations necessary to carry out the provisions of the Wind Energy Systems Demonstration Program Act, including, without limitation, regulations that establish:

1. The qualifications and requirements an applicant must meet to be eligible to participate in the Program in each particular category of:

- (a) School property;
- (b) Other public property;
- (c) Private residential property and small business property; and
- (d) Agricultural property.

2. The type of incentives available to participants in the Program and the level or amount of those incentives.

3. The requirements for a utility's annual plan for carrying out and administering the Program. A utility's annual plan must include, without limitation:

- (a) A detailed plan for advertising the Program;
- (b) A detailed budget and schedule for carrying out and administering the Program;
- (c) A detailed account of administrative processes and forms that will be used to carry out and administer the Program, including a description of the application process and copies of all applications and any other forms that are necessary to apply for and participate in the Program;

(d) A detailed account of the procedures that will be used for inspection and verification of a participant's wind energy system and compliance with the Program;



(e) A detailed account of training and educational activities that will be used to carry out and administer the Program; and

(f) Any other information required by the Commission.

Sec. 24. 1. Each utility shall carry out and administer the Wind Demonstration Program within its service area in accordance with its annual plan as approved by the Commission pursuant to section 25 of this act.

2. A utility may recover its reasonable and prudent costs, including, without limitation, incentives, that are associated with carrying out and administering the Program within its service area by seeking recovery of those costs in an appropriate proceeding before the Commission pursuant to NRS 704.110.

Sec. 25. 1. On or before February 1, 2008, and on or before February 1 of each year thereafter, each utility shall file with the Commission its annual plan for carrying out and administering the Wind Demonstration Program within its service area for the following program year.

2. On or before July 1, 2008, and on or before July 1 of each year thereafter, the Commission shall:

(a) Review the annual plan filed by each utility for compliance with the requirements established by regulation; and

(b) Approve the annual plan with such modifications and upon such terms and conditions as the Commission finds necessary or appropriate to facilitate the Program.

3. On or before November 1, 2008, and on or before November 1 of each year thereafter, each utility shall submit to the Committee the utility's recommendations as to which applications received by the utility should be approved for participation in the Program. The Committee shall review the applications to ensure that each applicant meets the qualifications and requirements to be eligible to participate in the Program.

4. Except as otherwise provided in section 26 of this act, the Committee may approve, from among the applications recommended by each utility, wind energy systems totaling:

(a) For the program year beginning July 1, 2008:

(1) 500 kilowatts of capacity for school property;

(2) 500 kilowatts of capacity for other public property;

(3) 700 kilowatts of capacity for private residential property and small business property; and

(4) 700 kilowatts of capacity for agricultural property.

(b) For the program year beginning July 1, 2009:

(1) An additional 250 kilowatts of capacity for school property;

(2) An additional 250 kilowatts of capacity for other public property;



(3) An additional 350 kilowatts of capacity for private residential property and small business property; and

(4) An additional 350 kilowatts of capacity for agricultural property.

(c) For the program year beginning July 1, 2010:

(1) An additional 250 kilowatts of capacity for school property;

(2) An additional 250 kilowatts of capacity for other public property;

(3) An additional 350 kilowatts of capacity for private residential property and small business property; and

(4) An additional 350 kilowatts of capacity for agricultural property.

Sec. 26. 1. Based on the applications submitted by each utility for a program year, the Committee shall:

(a) Within the limits of the capacity allocated to each category, select applicants to be participants in the Wind Demonstration Program and place those applicants on a list of participants; and

(b) Select applicants to be placed on a prioritized waiting list to become participants in the Program if any capacity within a category becomes available.

2. Not later than 30 days after the date on which the Committee selects an applicant to be on the list of participants or the prioritized waiting list, the utility which submitted the application to the Committee on behalf of the applicant shall provide written notice of the selection to the applicant.

3. If the capacity allocated to any category for a program year is not fully subscribed by participants in that category, the Committee may, in any combination it deems appropriate:

(a) Allow a utility to submit additional applications from applicants who want to participate in that category; or

(b) Reallocate any of the unused capacity in that category to any of the other categories.

4. At any time after submitting an application to participate in the Program to a utility, an applicant may energize his wind energy system if the wind energy system meets all applicable building codes and all applicable requirements of the utility as approved by the Commission. An applicant who energizes his wind energy system under such circumstances remains eligible to participate in the Program, and the energizing of the wind energy system does not alter the applicant's status on the list of participants or the prioritized waiting list.

Sec. 27. 1. Except as otherwise provided in this section, if the Committee determines that a participant has not complied with the requirements for participation in the Wind Demonstration



1 Program, the Committee shall, after notice and an opportunity for a
2 hearing, withdraw the participant from the Program.

3 2. The Committee may, without notice or an opportunity for a
4 hearing, withdraw from the Program:

5 (a) A participant in the category of private residential property
6 and small business property or a participant in the category of
7 agricultural property if the participant does not complete the
8 installation of a wind energy system within 12 months after the date
9 the participant receives written notice of his selection to participate
10 in the Program.

11 (b) A participant in the category of school property or a
12 participant in the category of other public property if the participant
13 does not complete the installation of a wind energy system within 30
14 months after the date the participant receives written notice of his
15 selection to participate in the Program.

16 3. A participant who is withdrawn from the Program pursuant
17 to subsection 2 forfeits any incentives.

18 **Sec. 28.** 1. After a participant installs a wind energy system
19 included in the Wind Demonstration Program, the Commission shall
20 issue portfolio energy credits for use within the system of portfolio
21 energy credits adopted by the Commission pursuant to NRS
22 704.7821 equal to the actual or estimated kilowatt-hour production
23 of the wind energy system.

24 2. All portfolio credits issued for a wind energy system
25 installed pursuant to the Wind Demonstration Program must be
26 assigned to and become the property of the utility administering the
27 Program.

28 **Sec. 29.** If a wind energy system used by a participant in the
29 Wind Demonstration Program meets the requirements of NRS
30 704.766 to 704.775, inclusive, the participant is entitled to
31 participate in net metering pursuant to the provisions of NRS
32 704.766 to 704.775, inclusive.

33 **Sec. 30.** 1. This act becomes effective:

34 (a) Upon passage and approval for the purposes of adopting
35 regulations and taking such other actions as are necessary to carry
36 out the provisions of this act; and

37 (b) On October 1, 2007, for all other purposes.

38 2. Sections 5 to 29, inclusive, of this act expire by limitation on
39 June 30, 2011.

