

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 provides that one of the purposes and policies of the Legislature in enacting the net metering statutes is to streamline the process for customers of a utility to apply for and install net metering systems.

Section 1.5 of this bill provides for a general increase in the permissible capacity of net metering systems and allows a customer-generator to use a net metering system of not more than 1 megawatt. However, **section 1.5** also places specific limitations on the capacity of net metering systems under certain circumstances.

Section 2 of this bill requires the Public Utilities Commission of Nevada to adopt regulations regarding a net metering tariff and a standard net metering contract. **Section 3** of this bill changes the method for calculating the value of the electricity generated by certain net metering systems.



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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 Systems Demonstration Program Act expires by limitation on June 30, 2010. (Chapter 2, Statutes of Nevada 2005, 22nd Special Session, p. 90)

Sections 5-29 of this bill enact the Wind Energy Systems Demonstration Program Act, a similar demonstration program for wind energy systems. Under this bill, the Wind Energy Systems Demonstration Program Act expires by limitation on June 30, 2011.

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

Section 1. NRS 704.766 is hereby amended to read as follows:

704.766 It is hereby declared to be the purpose and policy of the Legislature in enacting NRS 704.766 to 704.775, inclusive, to:

1. Encourage private investment in renewable energy resources;

2. Stimulate the economic growth of this State; ~~and~~

3. Enhance the continued diversification of the energy resources used in this State ~~;~~ **and**

4. Streamline the process for customers of a utility to apply for and install net metering systems.

Sec. 1.5. NRS 704.771 is hereby amended to read as follows:

704.771 **1.** "Net metering system" means a facility or energy system for the generation of electricity that:

~~1-1~~ **(a)** Uses renewable energy as its primary source of energy to generate electricity;

~~1-2~~ **(b)** Has a generating capacity of not more than ~~150~~ **kilowatts;**

~~3-1~~ ***1 megawatt;***

(c) Is located on the customer-generator's premises;

~~1-4~~ **(d)** Operates in parallel with the utility's transmission and distribution facilities; and

~~1-5~~ **(e)** Is intended primarily to offset part or all of the customer-generator's requirements for electricity.

2. The term does not include a facility or energy system for the generation of electricity which has a generating capacity that exceeds the greater of:

(a) The limit on the demand that the class of customer of the customer-generator may place on the system of the utility; or

(b) One hundred fifty percent of the peak demand of the customer.



Sec. 2. NRS 704.773 is hereby amended to read as follows:

704.773 1. A utility shall offer net metering, as set forth in NRS 704.775, to the customer-generators operating within its service area until the cumulative capacity of all such net metering systems is equal to 1 percent of the utility's peak capacity.

2. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of not more than ~~{30}~~ 100 kilowatts, the utility:

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

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

(c) Shall not charge a customer-generator any fee or charge that would increase the customer-generator's minimum monthly charge to an amount greater than that of other customers of the utility in the same rate class as the customer-generator.

3. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of more than ~~{30}~~ 100 kilowatts, the utility ~~{may:}~~

~~—(a) Require~~ :

(a) *May require* the customer-generator to install at its own cost ~~{an}~~ :

(1) *An energy meter that is capable of measuring generation output and customer load ~~{}~~; and*

(2) *Any upgrades to the system of the utility that are required to make the net metering system compatible with the system of the utility.*

(b) ~~{Charge}~~ *Except as otherwise provided in paragraph (c), may charge* the customer-generator any applicable fee or charge charged to other customers of the utility in the same rate class as the customer-generator, including, without limitation, customer, demand and facility charges.

(c) *Shall not charge the customer-generator any standby charge.*

4. *The Commission shall adopt regulations prescribing the form and substance for a net metering tariff and a standard net metering contract. The regulations must include, without limitation:*

(a) *The particular provisions, limitations and responsibilities of a customer-generator which must be included in a net metering tariff with regard to:*

(1) *Metering equipment;*

(2) *Net energy metering and billing; and*



- 1 (3) *Interconnection,*
2 ↪ *based on the allowable size of the net metering system.*
3 (b) *The particular provisions, limitations and responsibilities*
4 *of a customer-generator and the utility which must be included in*
5 *a standard net metering contract.*
6 (c) *A timeline for processing applications and contracts for net*
7 *metering applicants.*
8 (d) *Any other provisions the Commission finds necessary to*
9 *carry out the provisions of NRS 704.766 to 704.775, inclusive.*

10 **Sec. 3.** NRS 704.775 is hereby amended to read as follows:
11 704.775 1. The billing period for net metering must be a
12 monthly period.

13 2. ~~If a customer-generator's net metering system has a~~
14 ~~capacity of not more than 30 kilowatts, the~~ *The* net energy
15 measurement must be calculated in the following manner:

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

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

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

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

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

39 (3) Excess electricity may be carried forward to subsequent
40 billing periods indefinitely, but a customer-generator is not entitled
41 to receive compensation for any excess electricity that remains if:

42 (I) The net metering system ceases to operate or is
43 disconnected from the utility's transmission and distribution
44 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 *value of 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.~~

~~3. If a customer generator's net metering system has a capacity of more than 30 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 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 consistent with the rate used to calculate the value of the electricity supplied by the utility.~~

~~(b) If the value of electricity supplied by the utility exceeds the value of 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 value of the electricity supplied by the utility.~~

~~(c) If the value of the electricity generated by the customer generator which is fed back to the utility exceeds the value of the 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:~~

~~(I) Must not be shown as a credit on the customer generator's bill for that billing period but must be reflected as a credit that is carried forward to offset the value of the electricity supplied by the utility during a subsequent billing period. At the discretion of the utility, the credit may be in a dollar amount or in kilowatt hours. If the credit is reflected as excess electricity and 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~~



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~~corresponding time of use period. In that case, the excess electricity carried forward must be apportioned evenly among the available time of use periods. Excess electricity may be carried forward to subsequent billing periods indefinitely, but a customer generator is not entitled to receive compensation for any excess electricity that remains if the net metering system ceases to operate or is disconnected from the utility's transmission and distribution facilities, the customer generator ceases to be a customer of the utility at the premises served by the net metering system or the customer generator transfers the net metering system to another person.~~

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

~~_____ (3) The excess electricity which is fed back to the utility] must not be used to reduce any other fee or charge imposed by the utility.~~

3. If the cost of purchasing and installing a net metering system was paid for:

(a) In whole or in part by a utility, the electricity generated by the net metering system 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.

(b) Entirely by a customer-generator, the Commission shall issue to the customer-generator portfolio energy credits for use within the system of portfolio energy credits adopted by the Commission pursuant to NRS 704.7821 equal to the electricity generated by the net metering system.

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

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 ~~[150 kilowatts.]~~ **1 megawatt**, including, without limitation, a net metering system, as defined in NRS 704.771.



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1 ➡ As used in this subsection, “associated facilities” includes,
2 without limitation, any facilities for the storage, transmission or
3 treatment of water, including, without limitation, facilities to supply
4 water or for the treatment or disposal of wastewater, which support
5 or service an electric generating plant.

6 2. Electric transmission lines and transmission substations that:

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

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

10 (c) Are constructed outside any incorporated city.

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

13 (a) Any incorporated city; and

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

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

18 5. Sewer transmission and treatment facilities.

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

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

25 **Sec. 7.** “Agricultural property” means any real property
26 employed for an agricultural use as defined in NRS 361A.030.

27 **Sec. 8.** “Applicant” means a person who is applying to
28 participate in the Wind Demonstration Program.

29 **Sec. 9.** “Category” means one of the categories of
30 participation in the Wind Demonstration Program as set forth in
31 section 22 of this act.

32 **Sec. 10.** “Commission” means the Public Utilities
33 Commission of Nevada.

34 **Sec. 11.** “Committee” means the Task Force for Renewable
35 Energy and Energy Conservation created by NRS 701.350.

36 **Sec. 12.** “Institution of higher education” means:

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

40 2. A postsecondary educational institution, as defined in NRS
41 394.099, or any other institution of higher education.

42 **Sec. 13.** “Participant” means a person who has been selected
43 by the Committee pursuant to section 26 of this act to participate in
44 the Wind Demonstration Program.

45 **Sec. 14.** “Person” includes a governmental entity.



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

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

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

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

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

14 1. A public school as defined in NRS 385.007;

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

16 3. An institution of higher education.

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

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

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

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

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

29 2. The Program must have four categories as follows:

30 (a) School property;

31 (b) Other public property;

32 (c) Private residential property and small business property; and

33 (d) Agricultural property.

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

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

37 (b) Submit an application to a utility and be selected by the
38 Committee for inclusion in the Program pursuant to sections 25 and
39 26 of this act;

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

44 (d) If the person will be participating in the Program in the
45 category of school property or other public property, provide for the



1 public display of the wind energy system, including, without
2 limitation, providing for public demonstrations of the wind energy
3 system and for hands-on experience of the wind energy system by
4 the public.

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

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

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

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

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

- 21 (a) A detailed plan for advertising the Program;
- 22 (b) A detailed budget and schedule for carrying out and
23 administering the Program;
- 24 (c) A detailed account of administrative processes and forms
25 that will be used to carry out and administer the Program, including
26 a description of the application process and copies of all
27 applications and any other forms that are necessary to apply for and
28 participate in the Program;
- 29 (d) A detailed account of the procedures that will be used for
30 inspection and verification of a participant's wind energy system
31 and compliance with the Program;
- 32 (e) A detailed account of training and educational activities that
33 will be used to carry out and administer the Program; and
- 34 (f) Any other information required by the Commission.

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

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

44 **Sec. 25.** 1. On or before February 1, 2008, and on or before
45 February 1 of each year thereafter, each utility shall file with the



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1 Commission its annual plan for carrying out and administering
2 the Wind Demonstration Program within its service area for the
3 following program year.

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

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

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

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

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

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

22 (1) 500 kilowatts of capacity for school property;

23 (2) 500 kilowatts of capacity for other public property;

24 (3) 700 kilowatts of capacity for private residential property
25 and small business property; and

26 (4) 700 kilowatts of capacity for agricultural property.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

30 **Sec. 27.** 1. Except as otherwise provided in this section, if
31 the Committee determines that a participant has not complied with
32 the requirements for participation in the Wind Demonstration
33 Program, the Committee shall, after notice and an opportunity for a
34 hearing, withdraw the participant from the Program.

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

37 (a) A participant in the category of private residential property
38 and small business property or a participant in the category of
39 agricultural property if the participant does not complete the
40 installation of a wind energy system within 12 months after the date
41 the participant receives written notice of his selection to participate
42 in the Program.

43 (b) A participant in the category of school property or a
44 participant in the category of other public property if the participant
45 does not complete the installation of a wind energy system within 30



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1 months after the date the participant receives written notice of his
2 selection to participate in the Program.

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

5 **Sec. 28.** 1. After a participant installs a wind energy system
6 included in the Wind Demonstration Program, the Commission shall
7 issue portfolio energy credits for use within the system of portfolio
8 energy credits adopted by the Commission pursuant to NRS
9 704.7821 equal to the actual or estimated kilowatt-hour production
10 of the wind energy system.

11 2. All portfolio credits issued for a wind energy system
12 installed pursuant to the Wind Demonstration Program must be
13 assigned to and become the property of the utility administering the
14 Program.

15 **Sec. 29.** If a wind energy system used by a participant in the
16 Wind Demonstration Program meets the requirements of NRS
17 704.766 to 704.775, inclusive, the participant is entitled to
18 participate in net metering pursuant to the provisions of NRS
19 704.766 to 704.775, inclusive.

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

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

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

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

