

ASSEMBLY BILL NO. 341—ASSEMBLYMEN GANSERT, MABEY,
HARDY, PARKS, BOBZIEN, COBB, GOEDHART,
GOICOECHEA, GRADY, MANENDO, MARVEL, MCCLAIN,
MUNFORD, SEGERBLOM AND STEWART

MARCH 15, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to energy
conservation. (BDR 58-389)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included
in Executive Budget.

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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 conservation; revising the composition
of the Task Force for Renewable Energy and Energy
Conservation; revising various provisions relating to the
conservation of energy; making an appropriation; and
providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 This bill makes various changes relating to energy conservation. **Section 1** of
2 this bill adds two members to the Task Force for Renewable Energy and Energy
3 Conservation, a representative of the transportation fuels industry and a
4 representative of the natural gas industry, and places the Task Force in the Office of
5 Energy. **Section 2** of this bill allows the use of certain money generated by the
6 Universal Energy Charge for solar hot water systems and solar hot air systems.
7 **Sections 3-6** of this bill revise certain limitations relating to the generating capacity
8 of net metering systems. **Sections 7-9** of this bill increase the maximum period of
9 performance contracts and contracts for their financing. **Section 10** of this bill
10 extends the payback period for energy savings measures incorporated into public
11 buildings, and requires identification of measures for the use of ground-source
12 geothermal heat pumps in such buildings. **Section 11** of this bill makes an
13 appropriation to the Nevada System of Higher Education to support the
14 establishment and operations of two Nevada Integrated Design Laboratories, one
15 located in northern Nevada and one located in southern Nevada.



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

1 **Section 1.** NRS 701.350 is hereby amended to read as follows:

2 701.350 1. The Task Force for Renewable Energy and
3 Energy Conservation is hereby created ~~[]~~ *in the Office of Energy.*
4 The Task Force consists of ~~[]~~ *13* members who are appointed as
5 follows:

6 (a) Two members appointed by the Majority Leader of the
7 Senate, one of whom represents the interests of the renewable
8 energy industry in this State with respect to biomass and the other of
9 whom represents the interests of the mining industry in this State.

10 (b) Two members appointed by the Speaker of the Assembly,
11 one of whom represents the interests of the renewable energy
12 industry in this State with respect to geothermal energy and the
13 other of whom represents the interests of a nonprofit organization
14 dedicated to the protection of the environment or to the conservation
15 of energy or the efficient use of energy.

16 (c) One member appointed by the Minority Leader of the Senate
17 to represent the interests of the renewable energy industry in this
18 State with respect to solar energy.

19 (d) One member appointed by the Minority Leader of the
20 Assembly to represent the interests of the public utilities in this
21 State.

22 (e) Two members appointed by the Governor, one of whom
23 represents the interests of the renewable energy industry in this State
24 with respect to wind and the other of whom represents the interests
25 of the gaming industry in this State.

26 (f) One member appointed by the Consumer's Advocate to
27 represent the interests of the consumers in this State.

28 (g) One member appointed by the governing board of the ~~[State~~
29 ~~of]~~ Nevada *State* AFL-CIO or, if the ~~[State-of]~~ Nevada *State* AFL-
30 CIO ceases to exist, by its successor organization or, if there is no
31 successor organization, by the Governor.

32 (h) One member appointed by the Governor to represent the
33 interests of energy conservation and the efficient use of energy in
34 this State.

35 *(i) One member appointed by the Governor to represent the*
36 *interests of the transportation fuels industry in this State.*

37 *(j) One member appointed by the Governor to represent the*
38 *interests of the natural gas industry in this State.*

39 2. A member of the Task Force:

40 (a) Must be a citizen of the United States and a resident of this
41 State.



(b) Must have training, education, experience or knowledge concerning:

- (1) The development or use of renewable energy;
- (2) Financing, planning or constructing renewable energy generation projects;
- (3) Measures which conserve or reduce the demand for energy or which result in more efficient use of energy;
- (4) Weatherization;
- (5) Building and energy codes and standards;
- (6) Grants or incentives concerning energy;
- (7) Public education or community relations; or
- (8) Any other matter within the duties of the Task Force.

(c) Must not be an officer or employee of the Legislative or Judicial Department of State Government.

3. After the initial terms, the term of each member of the Task Force is 3 years. A vacancy on the Task Force must be filled for the remainder of the unexpired term in the same manner as the original appointment. A member may be reappointed to the Task Force.

4. A member of the Task Force who is an officer or employee of this State or a political subdivision of this State must be relieved from his duties without loss of his regular compensation so that he may prepare for and attend meetings of the Task Force and perform any work that is necessary to carry out the duties of the Task Force in the most timely manner practicable. A state agency or political subdivision of this State shall not require an officer or employee who is a member of the Task Force to:

(a) Make up the time he is absent from work to carry out his duties as a member of the Task Force; or

(b) Take annual leave or compensatory time for the absence.

Sec. 2. NRS 702.270 is hereby amended to read as follows:

702.270 1. Twenty-five percent of the money in the Fund must be distributed to the Housing Division for programs of energy conservation, weatherization, *solar hot water systems, solar hot air systems* and energy efficiency for eligible households. The Housing Division may use not more than 6 percent of the money distributed to it pursuant to this section for its administrative expenses.

2. Except as otherwise provided in NRS 702.150, after deduction for its administrative expenses, the Housing Division may use the money distributed to it pursuant to this section only to:

(a) Provide an eligible household with services of basic home energy conservation and home energy efficiency or to assist an eligible household to acquire such services, including, without limitation, services of load management.



(b) Pay for appropriate improvements associated with energy conservation, weatherization, *solar hot water systems, solar hot air systems* and energy efficiency.

(c) Carry out activities related to consumer outreach.

(d) Pay for program design.

(e) Pay for the annual evaluations conducted pursuant to NRS 702.280.

3. Except as otherwise provided in subsection 4, to be eligible to receive assistance from the Housing Division pursuant to this section, a household must have a household income that is not more than 150 percent of the federally designated level signifying poverty, as determined by the Housing Division.

4. The Housing Division is authorized to render emergency assistance to a household if the health or safety of one or more of the members of the household is threatened because of the structural, mechanical or other failure of:

(a) The unit of housing in which the household dwells; or

(b) A component or system of the unit of housing in which the household dwells.

Such emergency assistance may be rendered upon the good faith belief that the household is otherwise eligible to receive assistance pursuant to this section.

5. The Housing Division shall adopt regulations to carry out and enforce the provisions of this section.

6. In carrying out the provisions of this section, the Housing Division shall:

(a) Solicit advice from the Division of Welfare and Supportive Services and from other knowledgeable persons;

(b) Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section;

(c) Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies;

(d) Encourage other persons to provide resources and services, including, to the extent practicable, schools and programs that provide training in the building trades and apprenticeship programs;

(e) Establish a process for evaluating the programs conducted pursuant to this section;

(f) Develop a process for making changes to such programs; and

(g) Engage in annual planning and evaluation processes with the Division of Welfare and Supportive Services as required by NRS 702.280.



Sec. 3. NRS 704.771 is hereby amended to read as follows:

704.771 “Net metering system” means a facility or energy system for the generation of electricity that:

1. Uses renewable energy as its primary source of energy to generate electricity;

2. Has a generating capacity of not more than ~~150~~ 1,000 kilowatts;

3. Is located on the customer-generator’s premises;

4. Operates in parallel with the utility’s transmission and distribution facilities; and

5. Is intended primarily to offset part or all of the customer-generator’s requirements for electricity.

Sec. 4. 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 ~~150~~ 250 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 ~~150~~ 250 kilowatts, the utility may:

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

(b) 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.

Sec. 5. NRS 704.775 is hereby amended to read as follows:

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



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2. If a customer-generator's net metering system has a capacity of not more than ~~300~~ 250 kilowatts, the net energy measurement must be calculated in the following manner:

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

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

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

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

(2) 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 generated by the customer-generator in that 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 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:

(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 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 ~~300~~ 250 kilowatts, the net energy measurement must be calculated in the following manner:

(a) The utility shall:



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(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 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.



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(3) 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.

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. 6. 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 ~~1,501~~ 1,000 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. 7. NRS 332.380 is hereby amended to read as follows:

332.380 1. A performance contract must provide that all payments, other than any obligations that become due if the contract is terminated before the contract expires, must be made over time.

2. Except as otherwise provided in this subsection, a performance contract, and the payments provided thereunder, may



1 extend beyond the fiscal year in which the performance contract
2 becomes effective for costs incurred in future fiscal years. The
3 performance contract may extend for a term not to exceed ~~H5~~ 20
4 years. The length of a performance contract may reflect the useful
5 life of the operating cost-savings measure being installed or
6 purchased under the performance contract.

7 3. The period over which payments are made on a performance
8 contract must equal the period over which the operating cost savings
9 are amortized. Payments on a performance contract must not
10 commence until the operating cost-savings measures have been
11 installed by the qualified service company.

12 **Sec. 8.** NRS 333A.0902 is hereby amended to read as follows:

13 333A.0902 In connection with any installment-purchase
14 contract or lease-purchase contract entered into to finance a
15 performance contract, the Board may:

16 1. Grant a security interest in any property that is the subject of
17 the installment-purchase contract or lease-purchase contract and
18 execute an instrument to evidence such a security interest, including,
19 without limitation, a deed of trust, a leasehold interest deed of trust,
20 a mortgage or a financing agreement.

21 2. Offer certificates of participation.

22 3. If the installment-purchase contract or lease-purchase
23 contract involves an improvement to property owned by the State of
24 Nevada or the using agency, enter into a lease of the property to
25 which the improvement will be made and any property that is
26 adjacent to that property if the installment-purchase contract or
27 lease-purchase contract:

28 (a) Except as otherwise provided in NRS 333A.0916, has a term
29 of not more than ~~H5~~ 20 years beyond the date on which
30 construction of the work required by the installment-purchase
31 contract or lease-purchase contract is completed; and

32 (b) Provides for rental payments that approximate the fair
33 market rental of the property before the improvement is made, as
34 determined by the Board at the time the parties enter into the lease,
35 which must be paid if the installment-purchase contract or lease-
36 purchase contract terminates before the expiration of the lease
37 because the Legislature fails to appropriate money for payments due
38 pursuant to the installment-purchase contract or lease-purchase
39 contract.

40 ➡ A lease entered into pursuant to this subsection may provide for
41 nominal rental payments to be paid pursuant to the lease before the
42 installment-purchase contract or lease-purchase contract terminates.

43 4. Enter into any other agreement, contract or arrangement that
44 the Board determines would be beneficial to the purpose of the
45 installment-purchase contract or lease-purchase contract, including,



1 without limitation, contracts for professional services, trust
2 indentures, paying agent agreements and contracts of insurance.

3 **Sec. 9.** NRS 333A.100 is hereby amended to read as follows:

4 333A.100 1. Notwithstanding any provision of this chapter to
5 the contrary, a performance contract entered into pursuant to this
6 chapter does not create a debt for the purposes of Section 3 of
7 Article 9 of the Nevada Constitution.

8 2. Except as otherwise provided in this section, the term of a
9 performance contract may extend beyond the biennium in which the
10 contract is executed, provided that the performance contract
11 contains a provision which states that all obligations of the State
12 under the performance contract are extinguished at the end of any
13 fiscal year if the Legislature fails to provide an appropriation to the
14 using agency for the ensuing fiscal year for payments to be made
15 under the performance contract. If the Legislature fails to
16 appropriate money to a using agency for a performance contract,
17 there is no remedy against the State, except that if a security interest
18 in any property was created pursuant to the performance contract,
19 the holder of such a security interest may enforce the security
20 interest against that property. Except as otherwise provided in NRS
21 333A.0916, the term of a performance contract must not exceed ~~15~~
22 20 years after the date on which the work required by the
23 performance contract is completed.

24 3. The length of a performance contract may reflect the useful
25 life of the operating cost-savings measure being installed or
26 purchased under the performance contract.

27 **Sec. 10.** NRS 338.190 is hereby amended to read as follows:

28 338.190 1. Before it begins to construct or renovate any
29 occupied public building which is larger than 20,000 square feet,
30 each agency of the State or a political subdivision, district, authority,
31 board or public corporation of the State shall obtain a detailed
32 analysis of the cost of operating and maintaining the building for its
33 expected useful life.

34 2. The analysis must:

35 (a) Estimate the cost to construct or renovate the occupied
36 public building and the cost to operate and maintain the building;
37 and

38 (b) Identify measures, including, without limitation, for the:

39 (1) Conservation of water;

40 (2) Conservation of energy and energy efficiency that will
41 generate cost savings within ~~10~~ 20 years that are equal to or
42 greater than the cost of implementation; ~~and~~

43 (3) Use of types of energy which are alternatives to fossil
44 fuels, such as active and passive applications of solar energy, wind
45 and geothermal energy ~~and~~; and



(4) Use of ground-source geothermal heat pumps,

➔ which can be included in the building in its construction or renovation.

3. The agency of government which proposes to construct or renovate the occupied public building must consider the results of the analysis required by this section in deciding upon the type of construction or renovation and the components and systems which will be included in the building. The agency of government shall consider the use of types of energy which are alternatives to fossil fuels and any other energy conservation measures identified in the analysis into the design of the building if it is determined to be in the best interest of the State.

4. The agency of government may select, through the bidding process, a contractor to conduct the analysis required pursuant to this section. If a contractor is selected to conduct the analysis, any contract for the purchase, lease or rental of cost-saving measures must provide that all payments, other than any obligations that become due if the contract is terminated before the contract expires, be made from the cost savings.

5. As used in this section, "occupied public building" means a public building used primarily as an office space or work area for persons employed by an agency of the State or a political subdivision, district, authority, board or public corporation of the State. The term does not include a public building used primarily as a storage facility or warehouse or for similar purposes.

Sec. 11. 1. There is hereby appropriated from the State General Fund to the Nevada System of Higher Education for use by the Nevada Small Business Development Center to support the establishment and operations of two Nevada Integrated Design Laboratories, one located in northern Nevada and one located in southern Nevada:

| | |
|-------------------------------------|-----------|
| For the Fiscal Year 2007-2008 | \$270,000 |
| For the Fiscal Year 2008-2009 | \$230,000 |

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2008, and September 18, 2009, respectively, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and



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- 1 must be reverted to the State General Fund on or before
- 2 September 19, 2008, and September 18, 2009, respectively.
- 3 **Sec. 12.** This act becomes effective on July 1, 2007.

