

SENATE BILL NO. 27—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE CLARK COUNTY SCHOOL DISTRICT)

PREFILED JANUARY 26, 2007

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing net metering systems that use renewable energy. (BDR 58-438)

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 various provisions governing net metering systems that use renewable energy; changing certain standards for net metering systems used by school districts; 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)

Sections 2-12 of this bill exempt school districts from the existing net metering provisions and establish new net metering provisions specifically for school districts. **Section 4** of this bill provides that the new net metering provisions apply to a school district using net metering and to any person authorized by the school district to operate a net metering system on behalf of the school district on the district's property. **Section 6** of this bill provides that the school district's net metering systems are allowed to have a generating capacity of not more than 2 megawatts. **Section 9** of this bill provides that the school district or the persons operating net metering systems on behalf of the school district do not become public utilities and are not subject to the jurisdiction of the Public Utilities Commission of Nevada solely because of their operation of net metering systems. **Sections 10-12** of this bill contain provisions regarding energy meters, fees and charges, safety and quality standards, billing practices and energy measurement



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20 which are similar to the existing net metering provisions. **Sections 13-19** of this bill
21 amend various statutes to reflect the addition of the new net metering provisions
22 that apply to school districts.

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

1 **Section 1.** Chapter 704 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 12, inclusive, of this
3 act.

4 **Sec. 2.** *The provisions of NRS 704.766 to 704.775, inclusive,*
5 *do not apply to a customer-generator using a net metering system*
6 *pursuant to the provisions of sections 3 to 12, inclusive, of this act.*

7 **Sec. 3.** *As used in sections 3 to 12, inclusive, of this act,*
8 *unless the context otherwise requires, the words and terms defined*
9 *in sections 4 to 8, inclusive, of this act have the meanings ascribed*
10 *to them in those sections.*

11 **Sec. 4.** *“Customer-generator” means a user of a net*
12 *metering system if the user is:*

13 1. *A school district created pursuant to chapter 386 of NRS;*
14 *or*

15 2. *Any person or entity authorized by a school district to own,*
16 *lease or operate a net metering system on property that is owned,*
17 *leased or controlled by the school district.*

18 **Sec. 5.** *“Net metering” means measuring the difference*
19 *between the electricity supplied by a utility and the electricity*
20 *generated by a customer-generator which is fed back to the utility*
21 *over the applicable billing period.*

22 **Sec. 6.** *“Net metering system” means a facility or energy*
23 *system for the generation of electricity that:*

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

26 2. *Has a generating capacity of not more than 2 megawatts;*

27 3. *Is located on property owned, leased or controlled by a*
28 *school district;*

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

31 5. *Is intended primarily to offset part or all of the school*
32 *district’s requirements for electricity.*

33 **Sec. 7.** *“Renewable energy” has the meaning ascribed to it in*
34 *NRS 704.7811.*

35 **Sec. 8.** *“Utility” means a public utility that supplies*
36 *electricity in this State.*



Sec. 9. *A customer-generator who owns, leases or operates a net metering system pursuant to sections 3 to 12, inclusive, of this act:*

1. Does not become and shall not be deemed to be a public utility solely because of those activities; and

2. Does not become and shall not be deemed to be subject to the jurisdiction of the Commission solely because of those activities.

Sec. 10. *1. A utility shall offer net metering, as set forth in sections 3 to 12, inclusive, of this act, to the customer-generators operating within its service area.*

2. 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. 11. *1. A net metering system used by a customer-generator must meet all applicable safety and power quality standards established by:*

(a) The National Electrical Code adopted by the National Fire Protection Association;

(b) Underwriters Laboratories Inc.; and

(c) The Institute of Electrical and Electronic Engineers, Inc.

2. A customer-generator whose net metering system meets such safety and quality standards must not be required by the utility to:

(a) Comply with additional standards or requirements;

(b) Perform additional tests;

(c) Install additional controls; or

(d) Purchase additional liability insurance,

↪ arising solely from his status as a customer-generator.

Sec. 12. *1. The billing period for net metering must be a monthly period.*

2. 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 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 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.



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

4 **Sec. 13.** NRS 701.065 is hereby amended to read as follows:

5 701.065 "Net metering system" ~~[has the meaning ascribed to~~
6 ~~it]~~ **means a net metering system, as defined in NRS 704.771 [H] or**
7 **section 6 of this act.**

8 **Sec. 14.** NRS 704.7575 is hereby amended to read as follows:

9 704.7575 1. "Generation asset" means any plant, facility,
10 equipment or system that:

11 (a) Converts other forms of energy into electricity or otherwise
12 produces electricity;

13 (b) Is or was owned, possessed, controlled, leased, operated,
14 administered, maintained, acquired or placed into service by an
15 electric utility before, on or after January 1, 2001;

16 (c) Is subject, in whole or in part, to regulation by the
17 Commission; and

18 (d) Is used and useful for the convenience of the public in this
19 State, as determined by the Commission.

20 2. The term does not include:

21 (a) Any hydroelectric plant, facility, equipment or system which
22 has a generating capacity of not more than 15 megawatts and which
23 is located on the Truckee River or on a waterway that is appurtenant
24 to or connected to the Truckee River.

25 (b) Any net metering system, as defined in NRS 704.771 [H] **or**
26 **section 6 of this act.**

27 **Sec. 15.** NRS 704.767 is hereby amended to read as follows:

28 704.767 As used in NRS 704.766 to 704.775, inclusive, **and**
29 **section 2 of this act**, unless the context otherwise requires, the
30 words and terms defined in NRS 704.768 to 704.772, inclusive,
31 have the meanings ascribed to them in those sections.

32 **Sec. 16.** NRS 704.774 is hereby amended to read as follows:

33 704.774 1. A net metering system used by a customer-
34 generator must meet all applicable safety and power quality
35 standards established by:

36 (a) The National Electrical Code [H] **adopted by the National**
37 **Fire Protection Association;**

38 (b) Underwriters Laboratories Inc.; and

39 (c) The Institute of Electrical and Electronic Engineers [H], **Inc.**

40 2. A customer-generator whose net metering system meets
41 such safety and quality standards must not be required by the utility
42 to:

43 (a) Comply with additional standards or requirements;

44 (b) Perform additional tests;

45 (c) Install additional controls; or



- (d) Purchase additional liability insurance,
➔ arising solely from his status as a customer-generator.

Sec. 17. NRS 704.7815 is hereby amended to read as follows:

704.7815 “Renewable energy system” means:

1. A facility or energy system that:

(a) Uses renewable energy or energy from a qualified energy recovery process to generate electricity; and

(b) Transmits or distributes the electricity that it generates from renewable energy or energy from a qualified energy recovery process via:

(1) A power line which is dedicated to the transmission or distribution of electricity generated from renewable energy or energy from a qualified energy recovery process and which is connected to a facility or system owned, operated or controlled by a provider of electric service; or

(2) A power line which is shared with not more than one facility or energy system generating electricity from nonrenewable energy and which is connected to a facility or system owned, operated or controlled by a provider of electric service.

2. A solar energy system that reduces the consumption of electricity or any fossil fuel.

3. A net metering system used by a customer-generator pursuant to NRS 704.766 to 704.775, inclusive ~~§~~, and section 2 of *this act, or sections 3 to 12, inclusive, of this act.*

Sec. 18. 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; ~~for~~

(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, including, without limitation, a net metering system, as defined in NRS 704.771 ~~§~~; or

(c) Electric generating plants and their associated facilities which are or will be used as a net metering system pursuant to sections 3 to 12, inclusive, of this act.

➔ 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. 19. Section 20 of the Solar Energy Systems Demonstration Program Act, being Chapter 331, Statutes of Nevada 2003, as amended by Chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 89, is hereby amended to read as follows:

Sec. 20. 1. If the solar energy system used by a participant in the Demonstration Program meets the requirements of NRS 704.766 to 704.775, inclusive, *and section 2 of this act, or sections 3 to 12, inclusive, of this act, as appropriate*, the participant is entitled to participate in net metering pursuant to the provisions of ~~NRS 704.766 to 704.775, inclusive;~~ *those sections*.

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

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

4. Notwithstanding the provisions of ~~paragraph (c) of subsection 2 of~~ NRS 704.775 ~~or section 12 of this act~~, the utility shall credit the participant for the excess energy generated by the participant which is fed back to the utility that exceeds the electricity supplied by the utility to the participant during any billing period. This credit must be applied toward the electricity consumed by the participant in the 11 billing periods immediately following the billing period in which the credit accrues. Any credit that accrues to the participant during a billing period that is not applied toward the electricity consumed by the participant during the 11 billing periods immediately following must expire without compensation to the participant. The electricity represented



1 by the expired credit shall be deemed to be electricity that the
2 utility generated or acquired from a solar renewable energy
3 system to comply with its portfolio standard pursuant to NRS
4 704.7801 to 704.7828, inclusive.

5 5. If the participant participates in net metering under
6 an optional pricing plan pursuant to the provisions of
7 subsection 2, any credit accrued by the participant pursuant to
8 subsection 3 during a billing period must, until exhausted, be
9 applied first toward the electricity consumed by the
10 participant during peak period consumption, second toward
11 the electricity consumed by the participant during mid-peak
12 period consumption and finally toward the electricity
13 consumed by the participant during off-peak period
14 consumption.

15 **Sec. 20.** This act becomes effective on July 1, 2007.

