

Amendment No. CA38

First Conference Committee Amendment to (BDR 58-1054)
Assembly Bill No. 178 Third Reprint

Proposed by: First Conference Committee

Amendment Box: Replaces Amendment No. CA31

Resolves Conflicts with: S.B. 95

Makes substantive changes

Amends: Summary: No Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~purple double strikethrough~~ is language proposed to be deleted in this amendment; (5) orange double underlining is deleted language in the original bill that is proposed to be retained in this amendment; and (6) *green bold* is newly added transitory language.

KCP



Date: 6/4/2007

A.B. No. 178—Revises provisions relating to net metering and energy.
(BDR 58-1054)



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; requiring certain lights sold in this State to meet certain standards of energy efficiency; revising the authority of the Director of the Office of Energy; revising the membership of the Task Force for Renewable Energy and Energy Conservation; revising various provisions relating to net metering; **revising provisions governing the exemption of electric generating plants**; providing for the establishment of a pilot program to collect and separate recyclable material that may be used as renewable energy or converted into renewable fuel; providing for the establishment of the Wind Energy Systems Demonstration Program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill prohibits the sale in this State of certain general purpose lights that do not produce a certain amount of lumens per watt of electricity consumed, and requires the Director of the Office of Energy to adopt regulations establishing a minimum standard of energy efficiency for such lights.

Existing law provides for the membership of the Task Force for Renewable Energy and Energy Conservation. (NRS 701.350) **Sections 1.35 and 29.7** of this bill revise the membership of the Task Force.

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 1.4 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.

Existing law provides for the establishment of programs for collecting and separating recyclable material. (Chapter 444A of NRS) **Section 4.5** of this bill provides that in a county whose population is 400,000 or more (currently Clark County), the board of county commissioners shall, in conjunction with each licensed hauler of garbage and refuse, establish a pilot program for collecting and separating recyclable material that may be used as a source of renewable energy or converted into renewable fuel.

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~~ **certain specified dates.**

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

Section 1. Chapter 701 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Between January 1, 2012, and December 31, 2015, inclusive, no general purpose light may be sold in this State unless it produces at least 25 lumens per watt of electricity consumed.

2. On and after January 1, 2016, no general purpose light may be sold in this State unless it meets or exceeds the minimum standard of energy efficiency established by the Director pursuant to subsection 3 for lumens per watt of electricity consumed.

3. The Director shall adopt regulations to carry out the provisions of this section. The regulations must, without limitation:

(a) Establish a minimum standard of energy efficiency for lumens per watt of electricity consumed that must be produced by general purpose lights sold in this State on and after January 1, 2016. The minimum standard of energy efficiency established by the Director must exceed 25 lumens per watt of electricity consumed.

(b) Attempt to minimize the overall cost to consumers for general purpose lighting, considering the needs of consumers relating to lighting, technological feasibility and anticipated product availability and performance.

4. As used in this section, "general purpose light" means lamps, bulbs, tubes or other devices that provide functional illumination for indoor or outdoor use. The term does not include "specialty lighting" or "lighting necessary to

provide illumination for persons with special needs,” as defined by the Director by regulation.

Sec. 1.3. NRS 701.170 is hereby amended to read as follows:

701.170 The Director may:

1. Administer any gifts or grants which the Office of Energy is authorized to accept for the purposes of this chapter.

2. Expend money received from those gifts or grants or from legislative appropriations to contract with qualified persons or institutions for research in the production and efficient use of energy resources.

3. Enter into any cooperative agreement with any federal or state agency or political subdivision.

4. Participate in any program established by the Federal Government relating to sources of energy and adopt regulations appropriate to that program.

5. Assist developers of renewable energy generation projects in preparing and making requests to obtain money for development through the issuance of industrial development revenue bonds pursuant to NRS 349.400 to 349.670, inclusive.

6. Adopt any regulations that the Director determines are necessary to carry out the duties of the Office of Energy pursuant to this chapter.

7. Within the limits of legislative appropriations and other money authorized for expenditure for such purposes, promote, participate in the operation of, and create or cause to be created, any nonprofit corporation, pursuant to chapter 82 of NRS, which he determines is necessary or convenient for the exercise of the powers and duties of the Office of Energy. The purposes, powers and operation of the corporation must be consistent with the purposes, powers and duties of the Office of Energy.

8. Within the limits of legislative appropriations and other money authorized for expenditure for such purposes, negotiate and execute agreements with public or private entities which are necessary to the exercise of the powers and duties of the Director or the Office of Energy.

Sec. 1.35. NRS 701.350 is hereby amended to read as follows:

701.350 1. The Task Force for Renewable Energy and Energy Conservation is hereby created. The Task Force consists of ~~11~~ **15** members who are appointed as follows:

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

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

(c) ~~One member~~ Two members appointed by the Minority Leader of the Senate ~~to represent~~ , one of whom represents the interests of the natural gas industry in this State and one or whom represents the interests of the renewable energy industry in this State with respect to solar energy.

(d) ~~One member~~ Two members appointed by the Minority Leader of the Assembly to represent the interests of the ~~public~~ electric utilities in this State.

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

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

(g) One member appointed by the governing board of the State of Nevada AFL-CIO or, if the State of Nevada AFL-CIO ceases to exist, by its successor organization or, if there is no successor organization, by the Governor.

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

~~(i) One member appointed by the ~~Desert Research Institute or its successor organization or, if there is no successor organization, by the Governor.~~~~
Chancellor of the Nevada System of Higher Education to represent the interests of education and academic research in this State.

~~(j) One member who is an appointed ~~by~~ member of the Commission on Economic Development.~~

~~(k) Two members appointed jointly by the United States Senators of this State, and who has been selected by that Commission to serve as a member of the Task Force.~~

2. A member of the Task Force:

(a) Must be a citizen of the United States and a resident of this 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, ~~+~~, except that the member of the Task Force who is also an appointed member of the Commission on Economic Development serves at the pleasure of that Commission. 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. 1.4. 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 ~~to~~; *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 ~~300~~ 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 ~~300~~ 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 ~~to~~; *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.

At the time of installation or upgrade of any portion of a net metering system, the utility must allow a customer-generator governed by this subsection to pay the entire cost of the installation or upgrade of the portion of the net metering system.

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

(3) Interconnection,

based on the allowable size of the net metering system.

(b) The particular provisions, limitations and responsibilities of a customer-generator and the utility which must be included in a standard net metering contract.

(c) A timeline for processing applications and contracts for net metering applicants.

(d) Any other provisions the Commission finds necessary to carry out the provisions of NRS 704.766 to 704.775, inclusive.

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

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

2. ~~If a customer-generator's net metering system has a capacity of not more than 30 kilowatts, the~~ 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 the 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 *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 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

1 acquired from a renewable energy system for the purposes of complying with its
2 portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive.

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

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

9 **Sec. 4.** NRS 704.860 is hereby amended to read as follows:
10 704.860 “Utility facility” means:

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

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

15 (b) Electric generating plants and their associated facilities which use or will
16 use renewable energy, as defined in NRS 704.7811, as their primary source of
17 energy to generate electricity and which have or will have a generating capacity of
18 not more than ~~150 kilowatts,~~ ~~1 megawatt,~~ 35 megawatts, including, without
19 limitation, a net metering system, as defined in NRS 704.771.

20 ➤ As used in this subsection, “associated facilities” includes, without limitation,
21 any facilities for the storage, transmission or treatment of water, including, without
22 limitation, facilities to supply water or for the treatment or disposal of wastewater,
23 which support or service an electric generating plant.

24 2. Electric transmission lines and transmission substations that:

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

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

27 (c) Are constructed outside any incorporated city.

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

30 (a) Any incorporated city; and

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

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

34 5. Sewer transmission and treatment facilities.

35 **Sec. 4.5.** Chapter 444A of NRS is hereby amended by adding thereto a new
36 section to read as follows:

37 *1. The board of county commissioners in a county whose population is*
38 *400,000 or more shall, in conjunction with each licensed hauler of garbage and*
39 *refuse operating in the county, establish a pilot program for collecting and*
40 *separating recyclable material that has the potential to be used as a source of*
41 *renewable energy or converted into renewable fuel.*

42 *2. The pilot program must include, without limitation:*

43 *(a) An exploration of technologies and processes that are able to use*
44 *recyclable material as a source of renewable energy or convert recyclable*
45 *material into renewable fuel.*

46 *(b) The creation and maintenance of adequate records to allow an*
47 *assessment of the feasibility of establishing a statewide recycling standard.*

48 *3. The pilot program must not conflict with the standards relating to*
49 *recyclable material adopted by the State Environmental Commission pursuant to*
50 *NRS 444A.020.*

51 *4. As used in this section:*

(a) *“Licensed hauler of garbage and refuse” means a person who holds the licenses and permits required to operate a business of collecting and disposing of garbage and refuse. The term includes a person who is licensed to operate a business of collecting recyclable material.*

(b) *“Recyclable material” has the meaning ascribed to it in NRS 444A.013.*

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.~~ **(Deleted by amendment.)**

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~~ **Task Force** pursuant to section 26 of this act to participate in the Wind Demonstration Program.

Sec. 14. “Person” includes, without limitation, 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 section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3), 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. 18.5. **“Task Force” means the Task Force for Renewable Energy and Energy Conservation created by NRS 701.350.**

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]~~ **Task Force** 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, without limitation, 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, **customer** incentives , that are associated with carrying out and

1 administering the Program within its service area by seeking recovery of those costs
2 in an appropriate proceeding before the Commission pursuant to NRS 704.110.

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

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

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

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

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

20 4. Except as otherwise provided in section 26 of this act, the ~~{Committee}~~
21 **Task Force** may approve, from among the applications recommended by each
22 utility, wind energy systems totaling:

23 (a) For the program year beginning July 1, 2008:
24 (1) 500 kilowatts of capacity for school property;
25 (2) 500 kilowatts of capacity for other public property;
26 (3) 700 kilowatts of capacity for private residential property and small
27 business property; and
28 (4) 700 kilowatts of capacity for agricultural property.

29 (b) For the program year beginning July 1, 2009:
30 (1) An additional 250 kilowatts of capacity for school property;
31 (2) An additional 250 kilowatts of capacity for other public property;
32 (3) An additional 350 kilowatts of capacity for private residential property
33 and small business property; and
34 (4) An additional 350 kilowatts of capacity for agricultural property.

35 (c) For the program year beginning July 1, 2010:
36 (1) An additional 250 kilowatts of capacity for school property;
37 (2) An additional 250 kilowatts of capacity for other public property;
38 (3) An additional 350 kilowatts of capacity for private residential property
39 and small business property; and
40 (4) An additional 350 kilowatts of capacity for agricultural property.

41 **Sec. 26.** 1. Based on the applications submitted by each utility for a
42 program year, the ~~{Committee}~~ **Task Force** shall:

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

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

48 2. Not later than 30 days after the date on which the ~~{Committee}~~ **Task Force**
49 selects an applicant to be on the list of participants or the prioritized waiting list, the
50 utility which submitted the application to the ~~{Committee}~~ **Task Force** on behalf of
51 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}~~ Task Force 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}~~ Task Force determines that a participant has not complied with the requirements for participation in the Wind Demonstration Program, the ~~{Committee}~~ Task Force shall, after notice and an opportunity for a hearing, withdraw the participant from the Program.

2. The ~~{Committee}~~ Task Force may, without notice or an opportunity for a hearing, withdraw from the Program:

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

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

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

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

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

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

Sec. 29.5. The Director of the Office of Energy shall adopt the regulations required by section 1 of this act on or before October 1, 2011.

Sec. 29.7. 1. The appointment of the additional members to the Task Force for Renewable Energy and Energy Conservation required by NRS 701.350, as amended by section 1.35 of this act, must be made as soon as practicable on or after passage and approval of this act, except that none of the additional members may begin serving a term sooner than July 1, 2007.

2. The initial terms of the additional members appointed pursuant to paragraphs ~~((c) and (d))~~ **(c) and (d)** of subsection 1 of NRS 701.350, as amended by section 1.35 of this act, expire on June 30, 2010.

3. The initial term of the additional member appointed pursuant to paragraph ~~((c))~~ **(i)** of subsection 1 of NRS 701.350, as amended by section 1.35 of this act, expires on June 30, 2009.

Sec. 30. 1. This section and sections 1.4 to 4, inclusive, of this act become effective upon passage and approval.

2. Sections 1.35 and 29.7 of this act become effective:

(a) Upon passage and approval for the purposes of appointing additional members to the Task Force for Renewable Energy and Energy Conservation; and

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

3. Sections 1, 1.3 ~~(1) and 4.5~~ **(1) and 4.5** to ~~(29.7)~~ **29.5**, inclusive, ~~(and 29.5)~~ of this act become effective:

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

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

4. Sections 5 to 29, inclusive, of this act expire by limitation on June 30, 2011 ~~(1)~~ **, except that if a substantially similar Wind Energy Systems Demonstration Program Act is enacted into law and becomes effective on or before October 1, 2007, sections 5 to 29, inclusive, of this act expire by limitation on the date on which the substantially similar Wind Energy Systems Demonstration Program Act becomes effective.**