

ASSEMBLY BILL NO. 133—COMMITTEE
ON COMMERCE AND LABOR

FEBRUARY 11, 2011

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to renewable energy.
(BDR 58-152)

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 provisions governing the Solar Energy Systems Incentive Program to require the Public Utilities Commission of Nevada to establish by regulation program terms which periodically reduce the cumulative capacity of solar energy systems that is allocated for participation in the Solar Program; requiring the Commission to establish by regulation the categories of property that are eligible for participation in the Solar Program and the amount of capacity that is allocated for participation in the Solar Program for each category; requiring that the amount of any incentives available pursuant to the Solar Program be based in part on the amount of electricity produced by a solar energy system; increasing the cumulative capacity of net metering systems which may operate within the service area of an electric utility; requiring the Commission to conduct certain investigations related to the allocation of capacity for net metering systems; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law establishes the Solar Energy Systems Incentive Program and
- 2 authorizes qualified applicants to receive incentives for the installation of solar
- 3 energy systems on certain types of property. Furthermore, each category of
- 4 property that is authorized to participate in the Solar Program is allocated a certain
- 5 amount of cumulative capacity per program year for which incentives are available
- 6 under the Solar Program. (NRS 701B.200-701B.290) **Section 7** of this bill replaces



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the statutory allocation of a set amount of capacity for each program year with a requirement that the Public Utilities Commission of Nevada establish a series of periodic terms over which the amount of allocated capacity for each category of property is reduced as the cost of installing a solar energy system decreases over time. **Section 7** also requires the Commission to establish by regulation the categories of property that are eligible for participation in the Solar Program, the cumulative capacity of solar energy systems for which incentives are available and certain other parameters of the Solar Program. **Section 3** of this bill requires that the amount of incentives which are available for an installed solar energy system be based in part on the amount of electricity produced by the solar energy system.

Existing law requires an electric utility to offer net metering to customers within its service area until the cumulative capacity of installed net metering systems equals 1 percent of the utility's peak capacity. (NRS 704.773) **Section 8** of this bill increases the allowable cumulative capacity of net metering systems within an electric utility's service area to 2 percent of the utility's peak capacity. When the cumulative capacity of installed net metering systems surpasses 90 percent of the allocated capacity, **section 8** requires the Commission to conduct an investigation into whether the allocated capacity of net metering systems should be increased and deliver a written report of the investigation and any recommendations to the Director of the Legislative Counsel Bureau for transmittal to the next regular session of the Legislature.

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

Section 1. NRS 701B.040 is hereby amended to read as follows:

701B.040 "Category" means one of the categories of *property established by the Commission for* participation in the Solar Program ~~as set forth in NRS 701B.240.~~ *pursuant to paragraph (a) of subsection 1 of NRS 701B.260.*

Sec. 2. NRS 701B.100 is hereby amended to read as follows:

701B.100 "Program ~~year~~ term" means ~~the period of July 1 to June 30 of the following year.~~ *a periodic term established by the Commission pursuant to paragraph (c) of subsection 1 of NRS 701B.260.*

Sec. 3. NRS 701B.200 is hereby amended to read as follows:

701B.200 The Commission shall adopt regulations necessary to carry out the provisions of NRS 701B.010 to 701B.290, inclusive, including, without limitation, regulations that:

1. Establish the type of incentives available to participants in the Solar Program and the level or amount of those incentives . ~~except that the level or amount of an incentive available in a particular program year must not be based upon whether the incentive is for unused capacity reallocated from a past program year pursuant to paragraph (b) of subsection 2 of NRS 701B.260.~~ The regulations must provide that the level or amount of the incentives *that are available for an installed solar energy system*



1 must *be based on the amount of electricity actually produced by*
2 *the solar energy system and must* decline over time as the cost of
3 solar energy systems and distributed generation systems decline.

4 2. Establish the requirements for a utility's annual plan for
5 carrying out and administering the Solar Program. A utility's annual
6 plan must include, without limitation:

7 (a) A detailed plan for advertising the Solar Program;

8 (b) A detailed budget and schedule for carrying out and
9 administering the Solar Program;

10 (c) A detailed account of administrative processes and forms
11 that will be used to carry out and administer the Solar Program,
12 including, without limitation, a description of the application
13 process and copies of all applications and any other forms that are
14 necessary to apply for and participate in the Solar Program;

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

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

20 (f) Any other information required by the Commission.

21 3. Authorize a utility to recover the reasonable costs incurred in
22 carrying out and administering the installation of *any* distributed
23 generation systems pursuant to paragraph ~~(b)~~ (f) of subsection 1 of
24 NRS 701B.260.

25 **Sec. 4.** NRS 701B.210 is hereby amended to read as follows:

26 701B.210 The Commission shall adopt regulations that
27 establish:

28 1. The qualifications and requirements an applicant must meet
29 to be eligible to participate in ~~each applicable category of:~~

30 ~~—(a) School property;~~

31 ~~—(b) Public and other property; and~~

32 ~~—(c) Private residential property and small business property;~~ *the*
33 *Solar Program;* and

34 2. The form and content of the master application.

35 **Sec. 5.** NRS 701B.230 is hereby amended to read as follows:

36 701B.230 1. Each year on or before the date established by
37 the Commission, a utility shall file with the Commission its annual
38 plan for carrying out and administering the Solar Program within its
39 service area for ~~the~~ *the current* program ~~year.~~ *term.*

40 2. The Commission shall:

41 (a) Review each annual plan filed by a utility for compliance
42 with the requirements established by regulation of the Commission;
43 and



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

3. A utility shall carry out and administer the Solar Program within its service area in accordance with the utility's annual plan as approved by the Commission.

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

Sec. 6. NRS 701B.240 is hereby amended to read as follows:

701B.240 1. The Solar Energy Systems Incentive Program is hereby created.

2. ~~{The Solar Program must have three categories as follows:~~

~~—(a) School property;~~

~~—(b) Public and other property; and~~

~~—(c) Private residential property and small business property.~~

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

(a) Meet the qualifications established by the Commission pursuant to NRS 701B.210;

(b) Submit an application to a utility and be selected by the ~~{Commission}~~ utility for inclusion in the Solar Program pursuant to NRS 701B.250 and 701B.255; *and*

(c) When installing the solar 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 Solar Program in the category of school property or public and other property, provide for the public display of the solar energy system, including, without limitation, providing for public demonstrations of the solar energy system and for hands-on experience of the solar energy system by the public.}~~

Sec. 7. NRS 701B.260 is hereby amended to read as follows:

701B.260 1. ~~{Except as otherwise provided in this section, the Commission may approve, for:~~

~~—(a) The program year beginning July 1, 2009, solar energy systems:~~

~~——(1) Totaling 2,000 kilowatts of capacity for school property;~~

~~——(2) Totaling 760 kilowatts of capacity for public and other property; and~~



~~—— (3) Totaling 1,000 kilowatts of capacity for private residential property and small business property; and~~

~~—— (b) Each program year for the period beginning July 1, 2010, and ending on June 30, 2021, an additional 9 percent of the sum of the total allocated capacities of all the categories described in paragraph (a).]~~ *The Commission shall adopt regulations that establish:*

(a) The categories of property that are eligible for participation in the Solar Program;

(b) For each category, the cumulative amount of capacity for which incentives are authorized pursuant to the Solar Program;

(c) For each category, periodic terms over which the cumulative amount of capacity for which incentives are authorized pursuant to the Solar Program is incrementally reduced as the cost of the installation of solar energy systems decreases;

(d) For each category, the minimum and maximum capacity of an individual solar energy system that is eligible for participation in the Solar Program;

(e) For each category, whether the owner or operator of a solar energy system is required to publicly display the solar energy system, provide for public demonstrations of the solar energy system or provide training to the public regarding the operation of the solar energy system; and

(f) For each category and program term, the amount of any additional capacity which must be approved for distributed generation systems.

~~2. If the capacity allocated to any category for a program year is not fully subscribed by participants in that category, the Commission may, in any combination it deems appropriate:~~

~~—— (a) Reallocate any of the unused capacity in that category to any of the other categories; or~~

~~—— (b) Reallocate any of the unused capacity in that category to future program years within the same category.~~

~~3. To promote the installation of solar energy systems on as many school properties as possible, the Commission may not approve for use in the Solar Program a solar energy system having a generating capacity of more than 50 kilowatts if the solar energy system is or will be installed on school property on or after July 1, 2007, unless the Commission determines that approval of a solar energy system with a greater generating capacity is more practicable for a particular school property.~~

~~4.]~~ The Commission shall not authorize the payment of an incentive for the installation of a solar energy system or distributed generation system if:



(a) For the period beginning July 1, 2010, and ending June 30, 2013, inclusive, the payment of the incentive would cause the total amount of incentives paid by a utility for the installation of solar energy systems and distributed generation systems to exceed \$78,260,000; and

(b) For the period beginning July 1, 2010, and ending June 30, 2021, the payment of the incentive would cause the total amount of incentives paid by a utility for the installation of solar energy systems and distributed generation systems to exceed \$255,270,000.

Sec. 8. 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 ~~44~~ 2 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 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 100 kilowatts, the utility:

(a) May require the customer-generator to install at its own cost:

(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) 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



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1 governed by this subsection to pay the entire cost of the installation
2 or upgrade of the portion of the net metering system.

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

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

9 (1) Metering equipment;

10 (2) Net energy metering and billing; and

11 (3) Interconnection,

12 ➔ based on the allowable size of the net metering system.

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

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

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

20 ***5. If the cumulative capacity of installed net metering systems
21 exceeds 90 percent of the allocated capacity for net metering
22 systems established pursuant to subsection 1, the Commission
23 shall:***

24 ***(a) Conduct an investigation into whether the allocation of
25 capacity for net metering systems should be increased; and***

26 ***(b) Deliver a written report of the investigation and any
27 recommendations to the Director of the Legislative Counsel
28 Bureau for transmittal to the next regular session of the
29 Legislature.***

30 **Sec. 9.** NRS 701B.060, 701B.070, 701B.110, 701B.130 and
31 701B.140 are hereby repealed.

32 **Sec. 10.** The provisions of this act do not apply to an owner or
33 operator of a solar energy system who has been approved to
34 participate in the Solar Energy Systems Incentives Program before
35 July 1, 2011, and such an owner or operator must receive any
36 incentives through the Solar Program in accordance with the
37 provisions of NRS 701B.010 to 701B.290, inclusive, as those
38 provisions existed before July 1, 2011.

39 **Sec. 11.** This act becomes effective upon passage and approval
40 for the purpose of adopting regulations and performing any other
41 preparatory administrative tasks that are necessary to carry out the
42 provisions of this act and on July 1, 2011, for all other purposes.



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LEADLINES OF REPEALED SECTIONS

- 701B.060** “Institution of higher education” defined.
701B.070 “Owned, leased or occupied” defined.
701B.110 “Public and other property” defined.
701B.130 “School property” defined.
701B.140 “Small business” defined.

