

ASSEMBLY BILL NO. 359—ASSEMBLYMEN
GOICOECHEA; AND GRADY

MARCH 21, 2011

JOINT SPONSOR: SENATOR SETTELMAYER

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions governing energy.
(BDR 58-1064)

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 the categories of uses, capacity goals and prospective expiration of the Waterpower Energy Systems Demonstration Program; revising provisions governing net metering for waterpower energy systems; providing that systems which generate electricity from the recovery of waste heat from a qualified energy recovery process may qualify for net metering under certain circumstances; increasing the cumulative capacity requirement for net metering systems; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 The Waterpower Energy Systems Demonstration Program was established for
2 agricultural uses with a goal of the installation of not less than 500 kilowatts of
3 waterpower energy systems in this State by 2012. (NRS 701B.820, 701B.840) The
4 Waterpower Program is currently set to expire on June 30, 2011. **Section 1** of this
5 bill expands the Waterpower Program to encompass municipal uses. **Section 2** of
6 this bill increases the capacity goals for the Waterpower Program, and **sections**
7 **9-11** of this bill extend the Waterpower Program until June 30, 2019. **Section 6** of
8 this bill authorizes a person who installs a waterpower energy system to participate
9 in net metering if the waterpower energy system is located on property owned by
10 the customer-generator and generates electricity primarily intended to offset the
11 customer-generator's requirements for electricity on that property or contiguous
12 property owned by the customer-generator.



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Sections 3, 4 and 6 of this bill authorize a person to participate in net metering if the person operates a system that generates electricity through the use of waste heat from a qualified energy recovery process.

Each electric utility in this State is required to offer net metering to customer-generators of the utility until the cumulative capacity of net metering systems in the service area of the utility is equal to 1 percent of the utility's peak capacity. (NRS 704.773) **Section 7** of this bill increases the cumulative capacity requirement for net metering to 5 percent of the utility's peak capacity. **Section 7** also prohibits a utility from charging a customer-generator who participates in net metering any fee or charge because the customer-generator does not generate electricity.

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

Section 1. NRS 701B.820 is hereby amended to read as follows:

701B.820 1. The Waterpower Energy Systems Demonstration Program is hereby created.

2. The Waterpower Demonstration Program is created for agricultural *and municipal* uses.

3. To be eligible to participate in the Waterpower Demonstration Program, a person must meet the qualifications established pursuant to subsection 4, apply to a utility and be selected by the utility for inclusion in the Waterpower Demonstration Program.

4. The Commission shall adopt regulations providing for the qualifications an applicant must meet to qualify to participate in the Waterpower Demonstration Program.

Sec. 2. NRS 701B.840 is hereby amended to read as follows:

701B.840 The Commission shall adopt regulations that establish:

1. The capacity goals for the Program, which must be designed to meet the goal of the Legislature of the installation of not less than ~~{500 kilowatts}~~ *1 megawatt* of waterpower energy systems in this State by ~~{2012}~~ *2014, not less than 10 megawatts of waterpower energy systems in this State by 2016 and not less than 25 megawatts of waterpower energy systems in this State by 2020* and the goals for each category of the Program.

2. A system of incentives that are based on rebates that decline as the capacity goals for the Program and the goals for each category of the Program are met. The rebates must be based on predicted energy savings.

3. The procedure for claiming incentives, including, without limitation, the form and content of the incentive claim form.



1 **Sec. 3.** Chapter 704 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *“Qualified energy recovery process” has the meaning ascribed*
4 *to it in NRS 704.7809.*

5 **Sec. 4.** NRS 704.766 is hereby amended to read as follows:

6 704.766 It is hereby declared to be the purpose and policy of
7 the Legislature in enacting NRS 704.766 to 704.775, inclusive, to:

8 1. Encourage private investment in renewable energy resources
9 ~~[(a)]~~ *and qualified energy recovery processes;*

10 2. Stimulate the economic growth of this State;

11 3. Enhance the continued diversification of the energy
12 resources used in this State; and

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

15 **Sec. 5.** NRS 704.767 is hereby amended to read as follows:

16 704.767 As used in NRS 704.766 to 704.775, inclusive, unless
17 the context otherwise requires, the words and terms defined in NRS
18 704.768 to 704.772, inclusive, *and section 3 of this act* have the
19 meanings ascribed to them in those sections.

20 **Sec. 6.** NRS 704.771 is hereby amended to read as follows:

21 704.771 1. “Net metering system” means ~~[(a)]~~ :

22 ~~[(a)]~~ *A facility or energy system for the generation of electricity*
23 *that:*

24 ~~[(a)]~~ *(1) Uses renewable energy or waste heat from a qualified*
25 *energy recovery process as its primary source of energy to generate*
26 *electricity;*

27 ~~[(b)]~~ *(2) Has a generating capacity of not more than 1*
28 *megawatt;*

29 ~~[(c)]~~ *(3) Is located on the customer-generator’s premises;*

30 ~~[(d)]~~ *(4) Operates in parallel with the utility’s transmission and*
31 *distribution facilities; and*

32 ~~[(e)]~~ *(5) Is intended primarily to offset part or all of the*
33 *customer-generator’s requirements for electricity* ~~[(f)]~~ *; or*

34 ~~[(f)]~~ *(b) A facility or system for the generation of electricity that:*

35 ~~[(1)]~~ *(1) Uses waterpower as its primary source of energy to*
36 *generate electricity;*

37 ~~[(2)]~~ *(2) Is located on property owned by the customer-*
38 *generator;*

39 ~~[(3)]~~ *(3) Has a generating capacity of not more than 1 megawatt;*

40 ~~[(4)]~~ *(4) Generates electricity that is delivered to the*
41 *transmission and distribution facilities of the utility; and*

42 ~~[(5)]~~ *(5) Is intended primarily to offset all or part of the*
43 *customer-generator’s requirements for electricity on that property*
44 *or contiguous property owned by the customer-generator.*



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] :~~

(a) Which is used to produce more than 150 percent of the ~~[peak demand of the customer.]~~ customer-generator's annual requirements for electricity; or

(b) Which is part of a larger system that aggregates electricity generated from renewable energy for resale or for use at a location other than the premises on which the facility or energy system is located.

Sec. 7. 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 ~~[H] 5~~ 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 ~~[H]~~ *but not more than 1 megawatt*, 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.

(d) Shall not charge the customer-generator any fee or charge for not generating electricity.

➔ 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. 8. NRS 704.7809 is hereby amended to read as follows:

704.7809 1. "Qualified energy recovery process" means a system with a nameplate capacity of not more than 15 megawatts that converts the otherwise lost energy from:

(a) The heat from exhaust stacks or pipes used for engines or manufacturing or industrial processes; or

(b) The reduction of high pressure in water or gas pipelines before the distribution of the water or gas,

➔ to generate electricity if the system does not use additional fossil fuel or require a combustion process to generate such electricity.

2. The term does not include any system *that has an output of greater than 150 kilowatts and* that uses energy, lost or otherwise, from a process whose primary purpose is the generation of electricity, including, without limitation, any process involving engine-driven generation or pumped hydrogeneration.

Sec. 9. Section 113 of chapter 509, Statutes of Nevada 2007, at page 2999, is hereby amended to read as follows:

Sec. 113. 1. This act becomes 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



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(b) For all other purposes besides those described in paragraph (a):

(1) For this section and sections 1, 30, 32, 36 to 46, inclusive, 49, 51 to 61, inclusive, 107, 109, 110 and 111 of this act, upon passage and approval.

(2) For sections 1.5 to 29, inclusive, 43.5, 47, 51.3, 51.7, 108, 112 and 112.5 of this act, on July 1, 2007.

(3) For sections 62 to 106, inclusive, of this act, on October 1, 2007.

(4) For sections 31, 32.3, 32.5, 32.7, 33, 34 and 35 of this act, on January 1, 2009.

(5) For section 48 of this act, on January 1, 2010.

(6) For section 50 of this act, on January 1, 2011.

2. Sections 62 to ~~106,~~ 86, inclusive, of this act expire by limitation on June 30, 2011.

3. Sections 87 to 105, inclusive, of this act expire by limitation on June 30, 2019.

Sec. 10. Section 13 of chapter 246, Statutes of Nevada 2009, at page 1002, is hereby amended to read as follows:

Sec. 13. 1. This act becomes effective on July 1, 2009.

2. ~~Sections 2 and 3~~ *Section 2* of this act ~~expire~~ *expires* by limitation on June 30, 2011.

3. Section 3 of this act expires by limitation on June 30, 2019.

Sec. 11. Section 21 of chapter 321, Statutes of Nevada 2009, at page 1410, is hereby amended to read as follows:

Sec. 21. 1. This section and sections 1 to 1.51, inclusive, 1.55 to 19.7, inclusive, and 19.9 to 20.9, inclusive, of this act become effective upon passage and approval.

2. Sections 1.51, 1.85, 1.87, 1.92, 1.93 ~~1.95,~~ and 4.3 to ~~9,~~ 7, inclusive, ~~and 19.4~~ of this act expire by limitation on June 30, 2011.

3. ~~Sections 1.53 and 19.8~~ *Section 1.53* of this act ~~become~~ *becomes* effective on July 1, 2011.

4. Sections 1.95 and 7.1 to 9, inclusive, of this act expire by limitation on June 30, 2019.

5. Section 19.8 of this act becomes effective on July 1, 2019.

Sec. 12. 1. This section and sections 9, 10 and 11 of this act become effective upon passage and approval.

2. Sections 1 to 8, inclusive, of this act become effective on July 1, 2011.



1 3. Sections 1 and 2 of this act expire by limitation on June 30,
2 2019.

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