

SENATE BILL NO. 184—SENATOR SCHNEIDER

FEBRUARY 22, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Requires the Public Utilities Commission of Nevada to establish the Renewable Energy Systems Development Program. (BDR 58-229)

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 the Public Utilities Commission of Nevada to establish the Renewable Energy Systems Development Program; requiring each provider of electric service in this State to participate in the Program; requiring the Commission to establish standard contracts for the purchase and resale of electricity generated by certain renewable energy systems; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

This bill requires the Public Utilities Commission of Nevada to establish the Renewable Energy Systems Development Program. **Section 13** of this bill requires each provider of electric service in this State to participate in the Program. **Section 13** also requires the Commission to establish standard contracts for the purchase and resale of electricity from certain renewable energy systems and determine the price to be paid for electricity pursuant to such standard contracts.

Section 14 of this bill provides that a standard contract is transferable under certain circumstances. **Section 14** requires that a standard contract provide that any tradable renewable energy credits associated with a renewable energy system which accepts a standard contract are owned by the provider of electric service that purchases electricity from the renewable energy system. Additionally, **section 14** provides that a standard contract entered into by a utility provider is deemed to be a prudent investment, and the utility provider may recover all just and reasonable costs associated with the standard contract.

Section 15 of this bill requires the Commission to adopt regulations to carry out the Program.

Section 18 of this bill requires the Public Utilities Commission of Nevada to submit annual reports to the Legislature or the Legislative Commission concerning the Program. **Section 19** of this bill requires the Public Utilities Commission of



* S B 1 8 4 R 1 *

Nevada to open an investigatory docket to establish the initial prices for the purchase and resale of electricity under the Program.

Section 20 of this bill requires the regulations which must be adopted by the Commission to carry out the provisions of this bill to be adopted on or before December 31, 2011.

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

Section 1. Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 18, inclusive, of this act.

Sec. 2. *As used in sections 2 to 18, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 12, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Commissioned” or “commissioning” means the first time a renewable energy system is put into operation following its initial construction or following its modernization if the costs of modernization are equal to 50 percent or more of the costs that would be required to build a new renewable energy system, including all buildings and structures technically required for the operation of a new renewable energy system. The term does not include activities necessary to establish operational readiness of the renewable energy system.*

Sec. 4. (Deleted by amendment.)

Sec. 5. *“Person” means a natural person, any form of business or social organization and any other nongovernmental legal entity, including, without limitation, a corporation, partnership, association, trust or unincorporated organization. The term includes, without limitation, an Indian reservation or Indian colony, a government, governmental agency or political subdivision of a government.*

Sec. 6. *“Program” means the Renewable Energy Systems Development Program established by the Commission pursuant to section 13 of this act.*

Sec. 6.5. *“Program year” means the period of July 1 to June 30 of the following year.*

Sec. 7. *“Provider of electric service” has the meaning ascribed to it in NRS 704.7808.*

Sec. 8. *“Renewable energy” has the meaning ascribed to it in NRS 704.7811.*

Sec. 9. *“Renewable energy system” means a facility or energy system that:*

1. Uses renewable energy to generate electricity; and



2. *Has a system capacity that is 100 kilowatts or more but less than 3 megawatts.*

Sec. 9.5. *“Standard contract” means a contract which is established by the Commission pursuant to section 13 of this act for the purchase and resale of electricity from qualifying renewable energy systems under the Program.*

Sec. 10. *“System capacity” means the nameplate capacity of a renewable energy system.*

Sec. 11. *“System owner” means the person who has the right to sell electricity generated by a renewable energy system.*

Sec. 12. *“Utility provider” has the meaning ascribed to it in NRS 704.7819.*

Sec. 13. 1. *The Commission shall establish the Renewable Energy Systems Development Program to carry out the provisions of sections 2 to 18, inclusive, of this act. Each provider of electric service in this State shall participate in the Program.*

2. *The Commission shall carry out the Program for each program year beginning on July 1, 2012, and ending on June 30, 2020.*

3. *The Commission shall establish standard contracts for the purchase and resale of electricity from qualifying renewable energy systems.*

4. *For each program year, the Commission shall make the standard contracts available to renewable energy systems until the total amount of all incentives paid to renewable energy systems that have accepted a standard contract equals one-half of 1 percent of the total revenues received by all providers of electric service in this State during the immediately preceding program year.*

5. *The term of a standard contract must not exceed 20 years.*

6. *For each program year, the Commission may determine the Program capacity that will be allocated for standard contracts for each type of renewable energy.*

7. *For each type of renewable energy used by a renewable energy system to generate electricity, the Commission shall determine the price that must be paid pursuant to a standard contract to a system owner for each kilowatt-hour of electricity generated by the renewable energy system. In determining the price, the Commission shall:*

(a) *Determine a benchmark price based on the weighted average price per kilowatt-hour of electricity generated by each type of renewable energy paid by providers of electric service pursuant to the renewable energy contracts executed pursuant to NRS 704.7821 for the purchase of electricity from that type of renewable energy; and*



* S B 1 8 4 R 1 *

(b) Determine the amount of an incentive to be paid in addition to the benchmark price established pursuant to paragraph (a). The amount of the incentive established pursuant to this paragraph must be calculated to provide an economic incentive for the timely and steady development and commissioning of renewable energy systems in this State.

8. After the Commission determines the benchmark price and incentive amount pursuant to subsection 7, the price to be paid to a system owner under a subsequently executed standard contract must comply with those determinations.

9. On or before March 1, 2013, and on or before March 1 of each subsequent year, the Commission shall review the price determined pursuant to subsection 7 and determine whether the price is providing sufficient incentive for the timely and steady development and commissioning of renewable energy systems in this State. If the Commission determines that the price is inadequate or excessive, the Commission shall, in accordance with the requirements of subsection 7, reestablish the price, and that price must be applied prospectively to standard contracts executed during the next following program year.

10. A system owner who has executed a standard contract before the Commission makes a determination pursuant to subsection 7 or 9 must continue to receive the price provided for in the standard contract.

Sec. 14. 1. A standard contract may be transferred to another person:

(a) Not more than once before the construction or commissioning of the renewable energy system to which the standard contract is applicable; or

(b) If the renewable energy system to which the standard contract is applicable has been commissioned and has been in operation for not less than 90 days and ownership of the real property on which the renewable energy system is located is transferred to the other person.

↪ The transferee shall provide written notice to the Commission of any transfer not later than 30 days after the transfer.

2. A standard contract must provide that any tradable renewable energy credits associated with a renewable energy system which accepts a standard contract are owned by the provider of electric service that purchases electricity from the renewable energy system.

3. If a provider of electric service is a utility provider, a standard contract entered into by the utility provider, including the terms and conditions, shall be deemed to be a prudent investment,



* S B 1 8 4 R 1 *

1 *and the utility provider may recover all just and reasonable costs*
2 *associated with the standard contract.*

3 **Sec. 15.** *The Commission shall adopt such regulations as the*
4 *Commission determines necessary to carry out the Program.*

5 **Sec. 16.** *The existence of a standard contract does not*
6 *preclude a voluntary contract between a system owner and a*
7 *provider of electric service on terms that may be different from the*
8 *terms required for a standard contract under the Program. A*
9 *system owner who declines a voluntary contract may accept a*
10 *standard contract under the Program.*

11 **Sec. 17.** *The State is not liable to any system owner or*
12 *provider of electric service with respect to any matter relating to*
13 *the Program, including, without limitation:*

14 1. *Any costs associated with a standard contract;*

15 2. *Any damages arising from the breach of a standard*
16 *contract;*

17 3. *Any costs associated with the flow of electricity between a*
18 *renewable energy system and the electricity grid; or*

19 4. *Any costs associated with the interconnection of a*
20 *renewable energy system with the electricity grid.*

21 **Sec. 18.** *On or before February 1, 2013, and on or before*
22 *February 1 of each subsequent year, the Commission shall deliver*
23 *a written report on the status of the Program to the Director of the*
24 *Legislative Counsel Bureau for transmittal during each odd-*
25 *numbered year to the next regular session of the Legislature and*
26 *for transmittal during each even-numbered year to the Legislative*
27 *Commission.*

28 **Sec. 19.** 1. As soon as practicable after the effective date of
29 this act, the Public Utilities Commission of Nevada shall open an
30 investigatory docket to determine just and reasonable prices for the
31 purchase and resale of electricity pursuant to sections 2 to 18,
32 inclusive, of this act.

33 2. The following parties may participate in the investigatory
34 docket:

35 (a) A provider of electric service as defined in section 7 of this
36 act;

37 (b) A system owner as defined in section 11 of this act;

38 (c) A utility provider as defined in section 12 of this act;

39 (d) The Regulatory Operations Staff of the Commission; and

40 (e) Any other interested party.

41 **Sec. 20.** The Public Utilities Commission of Nevada shall, on
42 or before December 31, 2011, adopt any regulations which are
43 necessary to carry out the provisions of this act.



* S B 1 8 4 R 1 *

- 1 **Sec. 21.** 1. This act becomes effective:
2 (a) Upon passage and approval for the purposes of adopting
3 regulations and performing any other preparatory administrative
4 tasks necessary to carry out the provisions of this act; and
5 (b) On July 1, 2012, for all other purposes.
6 2. This act expires by limitation on June 30, 2020.

