

SENATE BILL NO. 288—SENATOR SETTELMAYER

MARCH 21, 2011

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions governing renewable energy.  
(BDR 58-1026)

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 capacity goal and prospective expiration of the Waterpower Energy Systems Demonstration Program; expanding the Program to include Indian tribes and tribal organizations that are customers of a utility; revising provisions governing net metering systems that use waterpower to generate electricity; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

**Section 1** of this bill expands the Waterpower Energy Systems Demonstration Program to include Indian tribes and tribal organizations that are customers of a utility. **Sections 2 and 9-11** of this bill extend the prospective expiration of the Program. **Section 2** also expands the capacity goal of the Program from 500 kilowatts to 5 megawatts.

Net metering measures the difference between the electricity supplied by a utility to a customer-generator and the electricity generated by a renewable energy system of the customer-generator which is fed back to the utility. Under existing law, an electric utility is required to offer net metering to customer-generators until the cumulative capacity of all net metering systems within the service area of the utility is equal to 1 percent of the utility's peak capacity. Existing law also requires that a net metering system be located on the premises of the customer-generator. (NRS 704.771, 704.773) **Section 6** of this bill removes the requirement that a net metering system be located on the premises of the customer-generator, if the system uses waterpower as its primary source of energy to generate electricity intended primarily to offset part or all of the customer-generator's requirements for electricity on the property of the customer-generator on which the net metering system is located or on contiguous property owned by the customer-generator.



\* S B 2 8 8 R 1 \*

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}~~:

(a) *Agricultural* uses ~~{ }~~; and

(b) *Indian tribes and tribal organizations that are customers of a utility.*

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}~~ *5 megawatts* of waterpower energy systems in this State by ~~{2012}~~ *2016* and the goals for each category of the Program. *The regulations must provide that not less than 1 megawatt of capacity must be set aside for the installation of waterpower energy systems with a nameplate capacity of 100 kilowatts or less.*

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. *The regulations must provide that the amount of any rebate provided pursuant to the Program must not exceed 50 percent of the total cost of the installation of the waterpower energy system for which the rebate is provided.*

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

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

*“Contiguous” means either abutting directly on the boundary or separated by a street, alley, public right-of-way, creek, river or the right-of-way of a railroad or other public service corporation.*



**Sec. 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, *and section 3 of this act* to:

1. Encourage private investment in renewable energy resources;

2. Stimulate the economic growth of this State;

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

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

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

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

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

704.771 1. "Net metering system" means ~~[(a)]~~:

*(a) A facility or energy system for the generation of electricity that:*

~~[(a)]~~ *(1) Uses renewable energy as its primary source of energy to generate electricity;*

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

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

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

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

*(b) A facility or energy system for the generation of electricity that:*

*(1) Uses waterpower as its primary source of energy to generate electricity;*

*(2) Is located on property owned by the customer-generator;*

*(3) Has a generating capacity of not more than 1 megawatt;*

*(4) Generates electricity that is delivered to the transmission and distribution facilities of the utility; and*

*(5) Is intended primarily to offset part or all of the customer-generator's requirements for electricity on that property 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:



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

4. *If the net metering system of a customer-generator is a net metering system described in paragraph (b) of subsection 1 of NRS 704.771 and:*



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(a) *The system is intended primarily to offset part or all of the customer-generator's requirements for electricity on property contiguous to the property on which the net metering system is located; and*

(b) *The customer-generator sells or transfers his or her interest in the contiguous property,*  
↪ *the net metering system ceases to be eligible to participate in net metering.*

5. 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 **H**, *and section 3 of this act.*

**Sec. 8.** NRS 704.7815 is hereby amended to read as follows:

704.7815 "Renewable energy system" means:

1. A facility or energy system that uses renewable energy or energy from a qualified energy recovery process to generate electricity and:

(a) Uses the electricity that it generates from renewable energy or energy from a qualified recovery process in this State; or

(b) Transmits or distributes the electricity that it generates from renewable energy or energy from a qualified energy recovery process to a provider of electric service for delivery into and use in this State.

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 **H**, *and section 3 of this act.*



**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

(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, 2016.*

**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, 2016.*

**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, 2016.*

*5. Section 19.8 of this act becomes effective on July 1, 2016.*



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- 1     **Sec. 12.** 1. This section and sections 9, 10 and 11 of this act  
2 become effective upon passage and approval.  
3     2. Sections 1 and 2 of this act become effective on July 1,  
4 2011, and expire by limitation on June 30, 2016.  
5     3. Sections 3 to 8, inclusive, of this act become effective on  
6 July 1, 2011.

