

Amendment No. 821

Senate Amendment to Senate Bill No. 374 First Reprint	(BDR 58-800)
Proposed by: Senators Farley, Settlemeyer, Atkinson and Spearman	
Amends: Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: Yes	

ASSEMBLY ACTION			Initial and Date	SENATE ACTION			Initial and Date		
Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____	Adopted	<input type="checkbox"/>	Lost	<input type="checkbox"/>	_____
Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Concurred In	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____
Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____	Receded	<input type="checkbox"/>	Not	<input type="checkbox"/>	_____

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) variations of green bold underlining is language proposed to be added 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 proposed to be retained in this amendment.

MSN/JWP



Date: 5/15/2015

S.B. No. 374—Revises provisions relating to energy conservation standards.
(BDR 58-800)



SENATE BILL NO. 374—SENATOR FARLEY

MARCH 17, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to energy ~~conservation standards~~ (BDR 58-800)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to energy ~~conservation standards~~; revising provisions relating to certain energy conservation standards adopted by the Director of the Office of Energy and the governing body of a local government; providing that certain design professionals are not subject to disciplinary action for complying with certain energy conservation standards; providing that the adoption of certain energy conservation standards by the Director and the governing body of a local government shall not be deemed to prohibit the Director or governing body from approving and implementing certain energy efficiency programs; revising provisions relating to net metering systems; requiring electric utilities in this State to submit to the Public Utilities Commission of Nevada certain proposed tariffs pursuant to which an electric utility is required to offer net metering to certain customers of the electric utility; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the Director of the Office of Energy and the governing body of a local government to adopt certain standards for the conservation of energy in buildings. (NRS 701.220) **Section 1** of this bill prohibits the Director and a governing body from adopting certain standards mandating ~~in an applicable climate zone of a building~~ requirements for air changes per hour. ~~Sections 1, 3 and 4~~ of this bill provide that certain design professionals are not subject to disciplinary action by their respective licensing boards for complying with the energy conservation standards adopted by a governing body pursuant to **section 1**. **Section 1** further provides that the adoption of certain energy conservation standards by the Director and a governing body shall not be deemed to prohibit the Director or governing body from approving and implementing certain energy efficiency programs related to new residential construction.

Existing law requires electric utilities to offer net metering to the customer-generators operating within the service area of the utility until the cumulative capacity of all net metering systems operating in this State is equal to 3 percent of the total peak capacity of all electric utilities in this State. (NRS 704.773) Section 2.3 of this bill requires each electric utility to offer net metering to customers who install net metering systems

on or after the date on which such cumulative capacity requirement is met in accordance with a tariff filed by the electric utility and approved by the Public Utilities Commission of Nevada. Section 2.3 sets forth the authority of the Commission relative to the approval of such tariffs. Section 4.5 of this bill requires each electric utility to submit to the Commission the proposed tariff required by section 2.3 not later than July 31, 2015, and requires the Commission to review and approve or disapprove each such proposed tariff not later than December 31, 2015.

Existing law prohibits an electric utility from making changes in any schedule or imposing any rate on residential customers which is based on the time of day, day of the week or time of year during which the electricity is used or which otherwise varies based upon the time during which the electricity is used. (NRS 704.085) Section 2.5 of this bill provides that this prohibition does not apply to residential customers who are users of net metering systems.

Existing law requires each electric utility to submit to the Commission every 3 years a plan to increase the utility's supply of electricity or decrease the demands made on its system by its customers. Existing law provides that the plan must include certain components, including: (1) an energy efficiency program for residential customers; and (2) a comparison of a diverse set of scenarios to address issues relating to customer demand, which must include at least one scenario of low carbon intensity. (NRS 704.741) Section 2.7 of this bill requires that the scenario of low carbon intensity must include the deployment of distributed generation. Additionally, section 2.7 requires that the plan include an analysis of the effects of net metering on the reliability of the distribution system of the electric utility and the costs to the electric utility to provide electric service to all customers.

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

Section 1. NRS 701.220 is hereby amended to read as follows:

701.220 1. The Director shall adopt regulations for the conservation of energy in buildings, including manufactured homes. ~~Such~~ Except as otherwise provided in subsection 5, such regulations must include the adoption of the most recent version of the International Energy Conservation Code, issued by the International Code Council, and any amendments to the Code that will not materially lessen the effective energy savings requirements of the Code and are deemed necessary to support effective compliance and enforcement of the Code, and must establish the minimum standards for:

- (a) The construction of floors, walls, ceilings and roofs;
- (b) The equipment and systems for heating, ventilation and air-conditioning;
- (c) Electrical equipment and systems;
- (d) Insulation; and
- (e) Other factors which affect the use of energy in a building.

➤ The regulations must provide for the adoption of the most recent version of the International Energy Conservation Code, and any amendments thereto, every third year.

2. The Director may exempt a building from a standard if the Director determines that application of the standard to the building would not accomplish the purpose of the regulations.

3. The regulations must authorize allowances in design and construction for sources of renewable energy used to supply all or a part of the energy required in a building.

4. The standards adopted by the Director are the minimum standards for the conservation of energy and energy efficiency in buildings in this State. The

governing body of a local government that is authorized by law to adopt and enforce a building code:

(a) Except as otherwise provided in paragraph (b), shall incorporate the standards adopted by the Director in its building code;

(b) ~~May~~ *Except as otherwise provided in subsection 5, may* adopt higher or more stringent standards and must report any such higher or more stringent standards, along with supporting documents, to the Director; and

(c) Shall enforce the standards adopted.

5. *The Director or the governing body of a local government shall not adopt a standard or code which mandates a ~~deviation from the requirements~~ requirement for air changes per hour ~~in an applicable climate zone as prescribed by the most recent version of the International Energy Conservation Code adopted by the Director pursuant to subsection 1~~ that is ~~is~~ outside the following ranges:*

(a) *Less than 4 1/2 ~~but not~~ or more than 7 air changes per hour for an attached residence or any residence for which fire sprinklers are installed; or*

(b) *Less than 4 ~~but not~~ or more than 7 air changes per hour for any residence other than a residence described in paragraph (a).*

6. *A design professional who complies with the standards adopted by the Director or the governing body of a local government pursuant to this section is not subject to disciplinary action by the State Board of Architecture, Interior Design and Residential Design pursuant to paragraph (f) of subsection 1 of NRS 623.270 or the State Board of Professional Engineers and Land Surveyors pursuant to NRS 625.410.*

7. *Nothing in this section shall be deemed to prohibit the Director or the governing body of a local government from approving and implementing a program for the purpose of increasing energy efficiency in new residential construction through the use of sample inspections.*

8. The Director shall solicit comments regarding the adoption of regulations pursuant to this section from:

(a) Persons in the business of constructing and selling homes;

(b) Contractors;

(c) Public utilities;

(d) Local building officials; and

(e) The general public;

↪ before adopting any regulations. The Director must conduct at least three hearings in different locations in the State, after giving 30 days' notice of each hearing, before the Director may adopt any regulations pursuant to this section.

9. *As used in this section, "design professional" means a person who holds a professional license or certificate issued pursuant to chapter 623 or 625 of NRS.*

Sec. 2. (Deleted by amendment.)

Sec. 2.3. *Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows:*

1. *Except as otherwise provided in subsection 3, each electric utility shall, in accordance with a tariff filed by the electric utility and approved by the Commission, offer net metering to customer-generators who, on or after the date on which the cumulative capacity requirement of subsection 1 of NRS 704.773 is met, install net metering systems within its service territory.*

2. *For the purposes of evaluating and approving any tariff filed with the Commission pursuant to subsection 1 and otherwise carrying out the provisions of this section, the Commission:*

(a) *May establish one or more rate classes for customer-generators.*

(b) May establish terms and conditions for the participation by customer-generators in net metering, including, without limitation, limitations on enrollment in net metering which the Commission determines are appropriate to further the public interest.

(c) May close to new customer-generators a tariff filed pursuant to subsection 1 and approved by the Commission if the Commission determines that closing the tariff to new customer-generators is in the public interest.

(d) May authorize an electric utility to establish just and reasonable rates and charges to avoid, reduce or eliminate an unreasonable shifting of costs from customer-generators to other customers of the electric utility.

(e) Shall not approve a tariff filed pursuant to subsection 1 or authorize any rates or charges for net metering that unreasonably shift costs from customer-generators to other customers of the electric utility.

3. To avoid a significant disruption of the net metering market, the Commission may, in its discretion and without a hearing, approve a tariff submitted pursuant to subsection 1 subject to any requirements relating to adjustments which the Commission may impose. In approving a tariff pursuant to this subsection, the Commission may solicit comments from any interested parties and may substitute for any rates, terms or conditions contained in the tariff submitted by the electric utility such rates, terms and conditions as the Commission determines are just and reasonable.

4. As used in this section, "electric utility" has the meaning ascribed to it in NRS 704.187.

Sec. 2.5. NRS 704.085 is hereby amended to read as follows:

704.085 1. ~~Any~~ Except as otherwise provided in subsection 2, an electric utility shall not make changes in any schedule or impose any rate, and the Commission shall not approve any changes in any schedule or authorize the imposition of any rate by an electric utility, which requires a residential customer to purchase electric service at a rate which is based on the time of day, day of the week or time of year during which the electricity is used or which otherwise varies based upon the time during which the electricity is used, except that the Commission may approve such a change in a schedule or authorize the imposition of such a rate if the approval or authorization is conditioned upon an election by a residential customer to purchase electric service at such a rate.

2. The provisions of subsection 1 do not apply to any changes in a schedule or rates imposed on a customer-generator.

3. As used in this section, ~~"electric utility"~~ :

(a) "Customer-generator" has the meaning ascribed to it in NRS 704.768.

(b) "Electric utility" has the meaning ascribed to it in NRS 704.187.

Sec. 2.7. NRS 704.741 is hereby amended to read as follows:

704.741 1. A utility which supplies electricity in this State shall, on or before July 1 of every third year, in the manner specified by the Commission, submit a plan to increase its supply of electricity or decrease the demands made on its system by its customers to the Commission.

2. The Commission shall, by regulation:

(a) Prescribe the contents of such a plan, including, but not limited to, the methods or formulas which are used by the utility to:

(1) Forecast the future demands; and

(2) Determine the best combination of sources of supply to meet the demands or the best method to reduce them; and

(b) Designate renewable energy zones and revise the designated renewable energy zones as the Commission deems necessary.

3. The Commission shall require the utility to include in its plan:

(a) An energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel and which includes, without limitation, the use of new solar thermal energy sources. ~~and~~

(b) A comparison of a diverse set of scenarios of the best combination of sources of supply to meet the demands or the best methods to reduce the demands, which must include at least one scenario of low carbon intensity. ~~that includes the deployment of distributed generation.~~

(c) An analysis of the effects of the requirements of NRS 704.766 to 704.775, inclusive, and section 2.3 of this act on the reliability of the distribution system of the electric utility and the costs to the electric utility to provide electric service to all customers. The analysis must include an evaluation of the costs and benefits of addressing issues of reliability through investment in the distribution system.

4. The Commission shall require the utility to include in its plan a plan for construction or expansion of transmission facilities to serve renewable energy zones and to facilitate the utility in meeting the portfolio standard established by NRS 704.7821.

5. As used in this section:

(a) "Carbon intensity" means the amount of carbon by weight emitted per unit of energy consumed.

(b) "Renewable energy zones" means specific geographic zones where renewable energy resources are sufficient to develop generation capacity and where transmission constrains the delivery of electricity from those resources to customers.

Sec. 2.9. NRS 704.767 is hereby amended to read as follows:

704.767 As used in NRS 704.766 to 704.775, inclusive, ~~and section 2.3 of this act~~, unless the context otherwise requires, the words and terms defined in NRS 704.7675 to 704.772, inclusive, have the meanings ascribed to them in those sections.

Sec. 3. NRS 623.270 is hereby amended to read as follows:

623.270 1. ~~That~~ *Except as otherwise provided in subsection 6 of NRS 701.220, the* Board may place the holder of any certificate of registration issued pursuant to the provisions of this chapter on probation, publicly reprimand the holder of the certificate, impose a fine of not more than \$10,000 against him or her, suspend or revoke his or her license, impose the costs of investigation and prosecution upon him or her or take any combination of these disciplinary actions for any of the following acts:

(a) The certificate was obtained by fraud or concealment of a material fact.

(b) The holder of the certificate has been found guilty by the Board or found guilty or guilty but mentally ill by a court of justice of any fraud, deceit or concealment of a material fact in his or her professional practice, or has been convicted by a court of justice of a crime involving moral turpitude.

(c) The holder of the certificate has been found guilty by the Board of incompetency, negligence or gross negligence in:

(1) The practice of architecture or residential design; or

(2) His or her practice as a registered interior designer.

(d) The holder of a certificate has affixed his or her signature or seal to plans, drawings, specifications or other instruments of service which have not been prepared by the holder of the certificate or in his or her office, or under his or her responsible control, or has permitted the use of his or her name to assist any person who is not a registered architect, registered interior designer or residential designer to evade any provision of this chapter.

(e) The holder of a certificate has aided or abetted any unauthorized person to practice:

- 1 (1) Architecture or residential design; or
2 (2) As a registered interior designer.
- 3 (f) The holder of the certificate has violated any law, regulation or code of
4 ethics pertaining to:
5 (1) The practice of architecture or residential design; or
6 (2) Practice as a registered interior designer.
- 7 (g) The holder of a certificate has failed to comply with an order issued by the
8 Board or has failed to cooperate with an investigation conducted by the Board.
- 9 2. The conditions for probation imposed pursuant to the provisions of
10 subsection 1 may include, but are not limited to:
11 (a) Restriction on the scope of professional practice.
12 (b) Peer review.
13 (c) Required education or counseling.
14 (d) Payment of restitution to each person who suffered harm or loss.
- 15 3. An order that imposes discipline and the findings of fact and conclusions of
16 law supporting that order are public records.
- 17 4. The Board shall not privately reprimand the holder of any certificate of
18 registration issued pursuant to this chapter.
- 19 5. As used in this section:
20 (a) "Gross negligence" means conduct which demonstrates a reckless disregard
21 of the consequences affecting the life or property of another person.
22 (b) "Incompetency" means conduct which, in:
23 (1) The practice of architecture or residential design; or
24 (2) Practice as a registered interior designer,
25 ➤ demonstrates a significant lack of ability, knowledge or fitness to discharge a
26 professional obligation.
- 27 (c) "Negligence" means a deviation from the normal standard of professional
28 care exercised generally by other members in:
29 (1) The profession of architecture or residential design; or
30 (2) Practice as a registered interior designer.
- 31 **Sec. 4.** NRS 625.410 is hereby amended to read as follows:
32 625.410 ~~The~~ ***Except as otherwise provided in subsection 6 of NRS***
33 ***701.220, the*** Board may take disciplinary action against a licensee, an applicant for
34 licensure, an intern or an applicant for certification as an intern for:
35 1. The practice of any fraud or deceit in obtaining or attempting to obtain or
36 renew a license or cheating on any examination required by this chapter.
37 2. Any gross negligence, incompetency or misconduct in the practice of
38 professional engineering as a professional engineer or in the practice of land
39 surveying as a professional land surveyor.
40 3. Aiding or abetting any person in the violation of any provision of this
41 chapter or regulation adopted by the Board.
42 4. Conviction of or entry of a plea of nolo contendere to any crime an
43 essential element of which is dishonesty or which is directly related to the practice
44 of engineering or land surveying.
45 5. A violation of any provision of this chapter or regulation adopted by the
46 Board.
47 6. Discipline by another state or territory, the District of Columbia, a foreign
48 country, the Federal Government or any other governmental agency, if at least one
49 of the grounds for discipline is the same or substantially equivalent to any ground
50 contained in this chapter.
51 7. Practicing after the license of the professional engineer or professional land
52 surveyor has expired or has been suspended or revoked.
53 8. Failing to comply with an order issued by the Board.

9. Failing to provide requested information within 30 days after receipt of a request by the Board or its investigators concerning a complaint made to the Board.

Sec. 4.5. 1. Each electric utility shall, on or before July 31, 2015, file with the Public Utilities Commission of Nevada a tariff required by section 2.3 of this act and a cost-of-service study.

2. The tariff filed pursuant to subsection 1 must establish the terms and conditions for net metering service for customer-generators who install net metering systems within the service territory of the electric utility on or after the date on which the cumulative capacity requirement of subsection 1 of NRS 704.773 is met. The terms and conditions of service must include, without limitation, the rates the electric utility must charge for providing electric service to customer-generators.

3. The rates included in the terms and conditions of service established pursuant to subsection 2 may include, without limitation:

(a) A basic service charge that reflects marginal fixed costs incurred by the electric utility to provide service to customer-generators;

(b) A demand charge that reflects the marginal demand costs incurred by the electric utility to provide service to customer-generators; and

(c) An energy charge that reflects the marginal energy costs incurred by the electric utility to provide service to customer-generators.

↪ The charges included pursuant to this subsection must adequately reflect the marginal costs of providing service to customer-generators.

4. The Public Utilities Commission of Nevada shall, in accordance with the provisions of section 2.3 of this act, conduct a review of each tariff filed by an electric utility pursuant to subsection 1 and issue a written order approving or disapproving, in whole or in part, the proposed tariff not later than December 31, 2015. The Commission may make modifications to the tariff, including modifications to the rate design and the terms and conditions of net metering services to customer-generators.

5. As used in this section:

(a) "Customer-generator" has the meaning ascribed to it in NRS 704.768.

(b) "Demand costs" means those costs associated with the maximum load requirement of a customer, such as kilowatt or kilo-volt amperes, and which are typically represented by the electric utility's investment in generating units, transmission facilities and the distribution system.

(c) "Electric utility" has the meaning ascribed to it in NRS 704.187.

(d) "Energy costs" means those costs associated with a customer's requirement for a volume of energy, such as fuel and purchased power costs.

(e) "Fixed costs" means those investments and expenses that do not vary with output and which typically reflect the electric utility's investment in back office systems, customer facilities, customer-related expenses and labor costs.

(f) "Net metering" has the meaning ascribed to it in NRS 704.769.

(g) "Net metering system" has the meaning ascribed to it in NRS 704.771.

Sec. 5. This act becomes effective ~~on July 1, 2015,~~ upon passage and approval.