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A.B. 321

ASSEMBLY BILL NO. 321—ASSEMBLYWOMAN TOLLES

MARCH 18, 2019

Referred to Committee on Growth and Infrastructure

SUMMARY—Revises provisions relating to renewable energy systems. (BDR 58-313)

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

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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 renewable energy; requiring an electric utility to submit to the Public Utilities Commission a tariff authorizing the use of a qualified contractor to design, install and construct a line extension; requiring the Commission to approve the tariff if the tariff satisfies certain requirements; requiring a lender to consider the energy cost savings provided by a net metering system when determining whether a borrower has the ability to repay a home loan; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires electric utilities to offer net metering to the customer-generators operating within the service area of the utility and requires the Public Utilities Commission of Nevada to adopt regulations prescribing the form and substance for a net metering tariff. (NRS 704.773) **Section 1** of this bill requires certain electric utilities to submit to the Commission a tariff that contains provisions authorizing a contractor other than the electric utility to design, install and construct a line extension to interconnect a net metering system for residential property to the electrical grid. **Section 1** also requires the tariff to include provisions relating to the qualification of such contractors, the standards for performance of the work and the acceptance of the work by the electric utility. Under **section 1**, the Commission is required to approve the tariff unless the Commission finds that the tariff would not ensure public safety or reliable electric service.

Existing law makes it an unfair lending practice for a lender to make a home loan to a borrower without determining, using any commercially reasonable means, that the borrower has the ability to repay the home loan. (NRS 598D.100) **Section 3** of this bill requires a lender, when determining whether a borrower has the ability to repay a home loan, to consider the reasonably expected energy cost savings



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19 which a borrower will receive from a solar energy system which is attached to or
20 located on the same premises as the home which secures the loan.

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

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

3 1. *An electric utility shall submit to the Commission a tariff*
4 *that contains provisions authorizing a contractor other than the*
5 *electric utility to design, install and construct a line extension for*
6 *the interconnection of a net metering system for residential*
7 *property. The tariff must include, without limitation, the*
8 *following:*

9 (a) *A procedure by which a contractor applies to the electric*
10 *utility to become qualified to design, install and construct a line*
11 *extension for the interconnection of a net metering system for*
12 *residential property. To be qualified pursuant to the procedure*
13 *described in this paragraph, the contractor must hold a*
14 *classification of license issued by the State Contractors' Board*
15 *that authorizes the contractor to design, install and construct a*
16 *line extension for the interconnection of a net metering system for*
17 *residential property.*

18 (b) *A requirement for a contractor who qualifies with the*
19 *electric utility pursuant to the procedure described in paragraph*
20 *(a) to enter into a contract with the electric utility that sets forth*
21 *the functions the contractor is authorized to perform, the rate*
22 *which the electric utility will pay the contractor to perform those*
23 *functions, and a requirement that the contractor maintain all*
24 *qualifications necessary to design, install and construct a line*
25 *extension for the interconnection of a net metering system for*
26 *residential property.*

27 (c) *A requirement for a person who wishes to have constructed*
28 *a line extension for the interconnection of a net metering system*
29 *located for residential property and the electric utility to enter into*
30 *a contract that sets forth the responsibilities concerning the use of*
31 *a contractor other than the electric utility to design, install and*
32 *construct a line extension for the interconnection of a net*
33 *metering system for residential property.*

34 (d) *Provisions authorizing a person who wishes to have*
35 *constructed a line extension for the interconnection of a net*
36 *metering system for residential property to enter into a contract*
37 *with a contractor qualified pursuant to the procedure described in*
38 *paragraph (a) that sets forth the terms and conditions for the*
39 *design, installation and construction of the line extension.*



(e) Standards and specifications for the design, installation and construction of a line extension for the interconnection of a net metering system for residential property.

(f) A procedure for the approval by the electric utility of work performed by a contractor qualified pursuant to the procedure described in paragraph (a) to design, install and construct a line extension for the interconnection of a net metering system for residential property.

2. The Commission shall approve a tariff submitted by an electric utility pursuant to subsection 1 that satisfies the requirements of that subsection unless the Commission finds that the tariff would not ensure public safety and reliable electric service.

3. The Commission may adopt regulations to carry out the provisions of this section.

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

Sec. 2. NRS 704.773 is hereby amended to read as follows:

704.773 1. A utility shall offer net metering in accordance with the provisions of NRS 704.766 to 704.777, inclusive, **and section 1 of this act** to the customer-generators operating within its service area.

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 25 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) Except as otherwise provided in subsection 7, shall not charge the customer-generator any fee or charge that is different than that charged to other customers of the utility in the rate class to which the customer-generator would belong if the customer-generator did not have a net metering system.

(d) Shall not reduce the minimum monthly charge of the customer-generator based on the electricity generated by the customer-generator and fed back to the utility.

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 25 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 (d) and subsection 7, shall not charge the customer-generator any fee or charge that is different than that charged to other customers of the utility in the rate class to which the customer-generator would belong if the customer-generator did not have a net metering system, including, without limitation, customer, demand and facility charges.

(c) Shall not reduce the minimum monthly charge of the customer-generator based on the electricity generated by the customer-generator and fed back to the utility.

(d) Shall not charge the customer-generator any standby charge.

4. At the time of installation or upgrade of any portion of a net metering system, the utility must allow a customer-generator governed by subsection 3 to pay the entire cost of the installation or upgrade of the portion of the net metering system.

5. Except as otherwise provided in subsections 2, 3 and 6 and NRS 704.7732, the utility shall not for any purpose assign a customer-generator to a rate class other than the rate class to which the customer-generator would belong if the customer-generator did not have a net metering system, including, without limitation, for the purpose of any fee or charge.

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

(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.

7. A utility shall assess against a customer-generator:

(a) If applicable, the universal energy charge imposed pursuant to NRS 702.160; and

(b) Any charges imposed pursuant to chapter 701B of NRS or NRS 704.7827 or 704.785 which are assessed against other customers in the same rate class as the customer-generator.

➤ For any such charges calculated on the basis of a kilowatt-hour rate, the customer-generator must only be charged with respect to kilowatt-hours of energy delivered by the utility to the customer-generator.



8. The Commission and the utility must allow a customer-generator who accepts the offer of the utility for net metering to continue net metering pursuant to NRS 704.766 to 704.777, inclusive, *and section 1 of this act* at the location at which the net metering system is originally installed for 20 years. For the purposes of this subsection, "to continue net metering" includes, without limitation:

(a) Retaining the percentage set forth in subsection 3 of NRS 704.7732 to be used to determine the credit for electricity governed by paragraph (c) of subsection 2 of NRS 704.775, which is applicable to the customer-generator; and

(b) Replacing the originally installed net metering system, as needed, at any time before 20 years after the date of the installation of the originally installed net metering system.

9. 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 704.777, inclusive ~~§~~, *and section 1 of this act*.

Sec. 3. NRS 598D.100 is hereby amended to read as follows:

598D.100 1. It is an unfair lending practice for a lender to:

(a) Require a borrower, as a condition of obtaining or maintaining a home loan secured by home property, to provide property insurance on improvements to home property in an amount that exceeds the reasonable replacement value of the improvements.

(b) Knowingly or intentionally make a home loan, other than a reverse mortgage, to a borrower, including, without limitation, a low-document home loan, no-document home loan or stated-document home loan, without determining, using any commercially reasonable means or mechanism, that the borrower has the ability to repay the home loan.



(c) Finance a prepayment fee or penalty in connection with the refinancing by the original borrower of a home loan owned by the lender or an affiliate of the lender.

(d) Finance, directly or indirectly in connection with a home loan, any credit insurance.

2. *In determining the ability of a borrower to repay a home loan, as required by paragraph (b) of subsection 1, a lender shall consider any energy cost savings which the borrower may reasonably be expected to receive due to a net metering system which is attached to or located on the same premises as the home property which secures the loan, but shall not consider the value of the net metering system itself.*

3. As used in this section:

(a) "Credit insurance" has the meaning ascribed to it in NRS 690A.015.

(b) "Low-document home loan" means a home loan:

(1) Whose terms allow a borrower to establish his or her ability to repay the home loan by providing only limited verification of his or her income and other assets; or

(2) Which is evidenced only by a deed transferring some or all of the interest of the borrower in the home property to the creditor.

(c) *"Net metering system" has the meaning ascribed to it in NRS 704.769.*

(d) "No-document home loan" means a home loan whose terms allow a borrower to establish his or her ability to repay the home loan without providing any verification of his or her income and other assets.

~~(d)~~ (e) "Prepayment fee or penalty" means any fee or penalty imposed by a lender if a borrower repays the balance of a loan or otherwise makes a payment on a loan before the regularly scheduled time for repayment.

~~(e)~~ (f) "Stated-document home loan" means a home loan whose terms allow a borrower to establish his or her ability to repay the home loan by providing only his or her own statement of verification of his or her income and other assets.

Sec. 4. This act becomes effective on July 1, 2019.

