

ASSEMBLY BILL NO. 330—ASSEMBLYWOMAN KIRKPATRICK

MARCH 16, 2015

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to certain systems for the generation of electricity. (BDR 58-934)

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 a person who sells or installs certain systems for the generation of electricity or sells electricity generated by such systems to provide a warranty for each such system; requiring agreements for the financing, sale or lease of such systems or the sale of electricity generated by such systems to include or be accompanied by certain information, statements and disclosures; requiring sellers or lessors of such systems to maintain certain records; requiring a person who sells or installs such systems or sells electricity generated by such systems to register with the Office of Energy; providing that certain actions constitute deceptive trade practices; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

This bill provides requirements for agreements to sell, lease or install “distributed generation systems,” which are defined as electricity generating systems, other than certain portable or other electric generators intended for occasional use, that: (1) generate electricity from solar energy; (2) are located on the premises of a customer of an electric utility; (3) are connected on the customer’s side of the electricity meter; (4) provide electricity primarily to offset customer load on those premises; and (5) operate in parallel with the utility’s transmission and distribution facilities.

Section 6 of this bill requires a person who sells, installs or sells and installs a distributed generation system to provide with the sale or installation an express, written warranty for the system which must provide coverage for both parts and labor. The seller or installer also must provide with the sale or installation a description of the warranty, a description of any responsibility assumed or disclaimed by the seller or installer, and performance data for the system. **Section 7**



15 of this bill requires a person transferring an obligation under a required warranty to
16 provide the name, address and telephone number of the person to whom the
17 obligation is being transferred.

18 **Section 8** of this bill lists the requirements for any agreement for the financing,
19 sale or lease of a distributed generation system or for the purchase of electricity
20 generated by a distributed generation system. The agreement, which must be in
21 writing, must include information regarding: (1) the manufacturer, seller and
22 installer of the system; (2) the effectiveness of the system; (3) the cost of the
23 purchase or lease and the cost of operating and maintaining the system; (4) tax
24 incentives relating to the purchase or lease of the system or the purchase of
25 electricity; and (5) any restrictions or obligations imposed by the agreement. The
26 seller or lessor of a system or the seller of electricity also must provide written
27 statements regarding utility rates and attesting to the truthfulness and completeness
28 of the agreement. **Section 8** also provides that any such agreement is voidable at the
29 option of the person purchasing or leasing the system, or purchasing electricity
30 generated by the system, until the installation of the system.

31 **Section 9** of this bill provides requirements for an agreement for the financing,
32 sale or lease of a distributed generation system that requires any modification or
33 transfer of the system to be approved by a third party. **Section 10** of this bill
34 provides requirements for an agreement that includes an estimate of the cost of
35 electricity for the purchaser or lessee after the system is installed. **Section 11** of this
36 bill requires a seller or lessor of a distributed generation system who represents to
37 the purchaser or lessee that the purchaser or lessee will be entitled to certain tax
38 credits to prepare and maintain a record of that representation.

39 **Section 12** of this bill prohibits a person from selling, leasing or installing a
40 distributed generation system or selling electricity generated by such a system
41 without first registering with the Office of Energy. **Section 12** also requires the
42 Director of the Office of Energy to adopt regulations relating to registration.

43 Additionally, **section 12** declares certain actions in violation of the provisions
44 of this bill to constitute deceptive trade practices for the purposes of chapter 598 of
45 NRS.

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

1 **Section 1.** Chapter 701 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 12, inclusive, of this
3 act.

4 **Sec. 2.** *As used in sections 2 to 12, inclusive, of this act,*
5 *unless the context otherwise requires, the words and terms defined*
6 *in sections 3, 4 and 5 of this act have the meanings ascribed to*
7 *them in those sections.*

8 **Sec. 3.** *“Collector” means a component of a distributed*
9 *generation system that is used to absorb solar radiation, convert*
10 *the solar radiation to electricity and transfer the electricity to a*
11 *storage unit.*

12 **Sec. 4. 1.** *“Distributed generation system” and “system”*
13 *mean a system or facility for the generation of electricity that:*

14 *(a) Uses solar energy to generate electricity;*



1 (b) *Is located on the premises of a customer of an electric*
2 *utility;*

3 (c) *Is connected on the customer's side of the electricity meter;*

4 (d) *Provides electricity primarily to offset customer load on*
5 *those premises; and*

6 (e) *Operates in parallel with the utility's transmission and*
7 *distribution facilities.*

8 2. *The term does not include a portable or other electric*
9 *generator that is intended for occasional use.*

10 **Sec. 5.** *"Storage unit" means a component of a distributed*
11 *generation system that is used to store electricity.*

12 **Sec. 6. 1.** *A person who sells a distributed generation*
13 *system shall provide to the purchaser an express, written warranty*
14 *for the system which:*

15 (a) *For the collectors and storage units of the system, expires*
16 *not earlier than 20 years after the sale of the system;*

17 (b) *For the inverters of the system, expires not earlier than 7*
18 *years after the sale of the system;*

19 (c) *For all other components of the system, expires not earlier*
20 *than 2 years after the sale of the system; and*

21 (d) *Must provide coverage for both parts and labor.*

22 2. *A person who installs a distributed generation system shall*
23 *provide to the person for whom the system is installed an express,*
24 *written warranty for the installation of the system which:*

25 (a) *For the collectors and storage units of the system, expires*
26 *not earlier than 2 years after the installation of the system is*
27 *completed;*

28 (b) *For all other components of the system, expires not earlier*
29 *than 1 year after the installation of the system is completed; and*

30 (c) *Must provide coverage for both parts and labor.*

31 3. *A person who sells, installs or sells and installs a*
32 *distributed generation system shall provide with the system a*
33 *written statement on a form prescribed by the Director. A copy of*
34 *each statement must be provided to the Director, who shall make*
35 *each such copy available for public inspection and copying. The*
36 *statement must include:*

37 (a) *A description of the warranty required by the applicable*
38 *provisions of this section for the system;*

39 (b) *A description of any responsibility assumed or disclaimed*
40 *by the person providing the statement; and*

41 (c) *If the person providing the statement is the seller of the*
42 *system, performance data, and the source of that data, for the*
43 *system.*



1 4. *The provisions of this section relating to a person who*
2 *installs a distributed generation system do not apply to a person*
3 *who installs a system on his or her own premises.*

4 **Sec. 7.** *If any obligation under a warranty required by*
5 *section 6 of this act is transferred, the person transferring the*
6 *obligation shall:*

7 1. *Provide to the purchaser or lessee of the distributed*
8 *generation system the name, address and telephone number of the*
9 *person to whom the obligation is being transferred; and*

10 2. *Disclose to the purchaser or lessee whether the person to*
11 *whom the obligation is being transferred is certified by the North*
12 *American Board of Certified Energy Practitioners or any*
13 *successor organization.*

14 **Sec. 8.** 1. *An agreement for the financing, sale or lease of a*
15 *distributed generation system, or an agreement for the purchase of*
16 *electricity generated by a distributed generation system, must be in*
17 *writing in at least 12-point font and must:*

18 (a) *Be signed and dated by the purchaser or lessee of the*
19 *system or the purchaser of electricity.*

20 (b) *Include a provision granting the purchaser or lessee of the*
21 *system or the purchaser of electricity the right to rescind the*
22 *agreement for a period ending:*

23 (1) *Not less than 5 days after the agreement is signed; or*

24 (2) *When installation of the system begins,*

25 ↪ *whichever is earlier.*

26 (c) *Include the name, mailing address and telephone number*
27 *of the manufacturer, seller and installer of the system and, if the*
28 *agreement is for the lease of the system, the name, mailing address*
29 *and telephone number of the lessor of the system.*

30 (d) *Disclose whether the seller and installer of the system are*
31 *certified by the North American Board of Certified Energy*
32 *Practitioners or any successor organization.*

33 (e) *Separately set forth:*

34 (1) *If the agreement is pursuant to a financing agreement:*

35 (I) *The total cost to the purchaser or lessee over the*
36 *duration of the agreement; and*

37 (II) *The total number of payments and the schedule of*
38 *payments; and*

39 (2) *Any interest, fees for the installation of the system, fees*
40 *for the preparation of any documents relating to the agreement*
41 *and any other costs to be paid by the purchaser or lessee of the*
42 *system or the purchaser of electricity, as applicable.*

43 (f) *Include an estimate of the total cost of operating and*
44 *maintaining the system for the period during which it can be*
45 *reasonably expected that the system will be operational, including,*



1 *without limitation, the cost of any construction necessary for the*
2 *installation of the system.*

3 *(g) Include an estimate of the amount of electricity that will be*
4 *generated by the system on a monthly and annual basis.*

5 *(h) Identify each state and federal tax incentive available for*
6 *purchasing or leasing the system or purchasing electricity*
7 *generated by the system, including, without limitation, the*
8 *expiration date of any such tax incentive and any conditions or*
9 *requirements for qualifying for any such tax incentive.*

10 *(i) Include an estimate of the assessed value of the system*
11 *upon the installation of the system.*

12 *(j) Disclose whether any obligations under a warranty required*
13 *by section 6 of this act may be transferred.*

14 *(k) Disclose any restrictions which the agreement imposes on*
15 *the modification or transfer of the system.*

16 *(l) Disclose any restrictions which the agreement imposes on*
17 *the modification or transfer of the real property to which the*
18 *system is affixed.*

19 *(m) Disclose any obligation the seller or lessor has regarding*
20 *the installation or removal of the system.*

21 *(n) If the agreement is for the lease of a system, provide for the*
22 *continuation, termination or transfer of the lease in the event of:*

23 *(1) The sale of the real property to which the system is*
24 *affixed; or*

25 *(2) The death of the lessee.*

26 *(o) If the agreement is for the purchase of electricity generated*
27 *by the system, include:*

28 *(1) The duration of the agreement; and*

29 *(2) The price per unit of electricity generated by the system*
30 *and purchased by the purchaser, including, without limitation,*
31 *any escalation factor affecting the price.*

32 *(p) Any other term or condition that a reasonable person*
33 *would consider material to a decision to enter into an agreement*
34 *for the financing, sale or lease of a system or the purchase of*
35 *electricity generated by a system.*

36 *2. The seller or lessor of a distributed generation system shall*
37 *provide to the purchaser or lessee, and the seller of electricity*
38 *generated by a distributed generation system shall provide to the*
39 *purchaser of such electricity, a written statement, separate from*
40 *the agreement described in subsection 1, in substantially the*
41 *following form:*

42
43 *Utility rates and utility rate structures are subject to change.*
44 *These changes cannot be accurately predicted and may*
45 *apply to you in the future. The projected savings from your*



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1 distributed generation system are therefore subject to
2 change. Tax incentives and tax subsidies are subject to
3 change or termination by executive, legislative or regulatory
4 action.
5

6 3. If an agreement described in subsection 1 refers to the
7 price of electricity provided by a public utility, the seller or lessor
8 of the distributed generation system or the seller of electricity
9 generated by the system shall provide to the purchaser or lessor a
10 written statement, separate from the agreement described in
11 subsection 1, in at least 12-point font and in substantially the
12 following form:
13

14 *Utility rates and utility rate structures are subject to change.*
15 *For additional information regarding utility rates and utility*
16 *rate structures, you may contact your local public utility or*
17 *the Public Utilities Commission of Nevada.*
18

19 4. An agreement for the financing, sale or lease of a
20 distributed generation system, or an agreement for the purchase of
21 electricity generated by a distributed generation system, that does
22 not comply with the requirements of subsection 1 or that is not
23 accompanied by the statement required by subsection 2 is voidable
24 at the option of the person buying or leasing the system or
25 purchasing the electricity until the installation of the system
26 begins.

27 **Sec. 9. 1.** If an agreement for the financing, sale or lease of
28 a distributed generation system requires that any modification or
29 transfer of the system be approved by a third party, the agreement
30 must:

31 (a) Include the name, address and telephone number of the
32 third party; and

33 (b) Identify any modification for which approval is required.

34 2. If an agreement for the financing, sale or lease of a
35 distributed generation system requires that any modification or
36 transfer of the real property to which the system is affixed be
37 approved by a third party, the agreement must:

38 (a) Include the name, address and telephone number of the
39 third party; and

40 (b) Identify any modification for which approval is required.

41 **Sec. 10.** If an agreement for the financing, sale or lease of a
42 distributed generation system includes an estimate of the cost of
43 electricity for the purchaser or lessee after the installation of the
44 system, the agreement must include an estimate of the cost of
45 electricity for the purchaser or lessee after any changes in the



1 rates paid by customers of the utility providing electricity to the
2 purchaser or lessee. The estimate must consider a range of
3 possible rate changes from a 5 percent annual decrease to a 5
4 percent annual increase from the rate paid at the time of the
5 agreement.

6 **Sec. 11. 1.** *If the seller or lessor of a distributed generation*
7 *system represents to the purchaser or lessee of the system that the*
8 *purchaser or lessee will be entitled to a tax credit pursuant to 26*
9 *U.S.C. § 25D, the seller or lessor shall:*

10 (a) *Provide a written record of the representation to the*
11 *purchaser or lessee of the system; and*

12 (b) *Maintain a copy of the record for not less than 7 years*
13 *after the date of the sale or lease of the system.*

14 2. *The seller or lessor shall provide a copy of the record*
15 *required by subsection 1 on request to an agent of the United*
16 *States Internal Revenue Service for inspection or copying.*

17 **Sec. 12. 1.** *A person shall not sell, lease or install a*
18 *distributed generation system or sell electricity generated by a*
19 *distributed generation system unless the person has registered with*
20 *the Office of Energy by submitting to the Office a form prescribed*
21 *by the Director.*

22 2. *The Director shall adopt regulations:*

23 (a) *Requiring a registration form submitted to the Office of*
24 *Energy pursuant to subsection 1 to include:*

25 (1) *The name, street address, mailing address, electronic*
26 *mail address and telephone number of the registrant;*

27 (2) *The name and contact information of any person*
28 *designated by the registrant to receive notices and other*
29 *communications from the Office of Energy;*

30 (3) *A statement indicating each activity described in*
31 *subsection 1 in which the registrant intends to engage; and*

32 (4) *Any other information required by the Director;*

33 (b) *Requiring a registrant to submit to the Office of Energy:*

34 (1) *An example of the agreement described in section 8 of*
35 *this act for each activity described in subsection 1 in which the*
36 *registrant has indicated he or she intends to engage; and*

37 (2) *An updated example of the agreement described in*
38 *section 8 of this act, if a previously submitted example is no longer*
39 *reasonably accurate or if the registrant intends to engage in an*
40 *activity described in subsection 1 for which the registrant has not*
41 *yet submitted an example of an agreement;*

42 (c) *Requiring a registrant to submit to the Office of Energy an*
43 *amended registration form if any information provided to the*
44 *Office of Energy on a registration form or a previously submitted*
45 *amended registration form is no longer correct; and*



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1 (d) *Providing the time period within which an updated*
2 *example described in subparagraph (2) of paragraph (b) or an*
3 *amended registration form described in paragraph (c) must be*
4 *submitted.*

5 3. *Any of the following constitute a deceptive trade practice*
6 *for the purposes of NRS 598.0903 to 598.0999, inclusive:*

7 (a) *The sale, lease or installation of a distributed generation*
8 *system or the sale of electricity generated by a distributed*
9 *generation system without:*

10 (1) *Registering with the Office of Energy pursuant to this*
11 *section;*

12 (2) *Submitting to the Office of Energy the examples of*
13 *agreements required to be submitted pursuant to regulations*
14 *adopted pursuant to paragraph (b) of subsection 2; or*

15 (3) *Submitting to the Office of Energy an amended*
16 *registration form within the time period prescribed pursuant to*
17 *regulations adopted pursuant to paragraph (d) of subsection 2;*

18 (b) *A violation of section 6, 7 or 11 of this act; or*

19 (c) *A failure by the seller or lessor of a distributed generation*
20 *system or the seller of electricity generated by a distributed*
21 *generation system to include in an agreement for the financing,*
22 *sale or lease of a distributed generation system or an agreement*
23 *for the purchase of electricity generated by a distributed*
24 *generation system any provision required by section 8, 9 or 10 of*
25 *this act.*

