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PROPOSED REGULATION OF THE PUBLIC UTILITIES COMMISSION OF NEVADA

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RESOURCE PLANNING BY CERTAIN ELECTRIC UTILITIES

Section 1. NAC 704.XXX

1. For renewable energy contracts or energy efficiency contracts longer than 3 years, a utility provider may be eligible to receive a risk factor of 30 percent of the net present value of the capacity payments over the life of the contract.

2. Where capacity is not specified, 50 percent of the value of the contract payment is assumed to be a capacity payment.

3. At the time the renewable energy contract is presented to the Commission for approval, the utility provider may propose an amount to be added to the cost of the contract equal to a compensating component in the capital structure of the utility provider.

4. In evaluating a proposal made by a utility provider, the Commission shall consider the effect that the proposal will have on the rates paid by the retail customers of the utility provider.

5. The Commission will consider recovery of costs equal to a compensating component in the capital structure during the utility provider's next general rate proceeding as part of its consideration of the utility provider's capital structure. The costs determined by the Commission as necessary to mitigate the effect of imputed debt costs will be recovered through general rates.

Sec. 2. NAC 704.934 Preparation, contents and submission of demand side plan; annual filing of analyses regarding conservation and demand management programs.

1. As part of its resource plan, a utility shall submit a demand side plan.

2. The demand side plan must include:

(a) An identification of end-uses for programs for conservation and demand management.

(b) An assessment of savings attributable to technically feasible programs for conservation and demand management, as determined by the utility. The programs must be ranked in a list according to the level of savings in energy or reduction in demand, or both.

(c) An assessment of technically feasible programs to determine which will produce benefits in peak demand or energy consumption. The utility shall estimate the cost of each such program. The methods used for the assessment must be stated in detail, specifically listing the data and assumptions considered in the assessment.

3. The demand side plan may include a request to mitigate imputed debt costs associated with energy efficiency contracts and programs that qualify for portfolio energy credits.

~~[3]~~***4***. In creating its demand side plan, a utility shall consider the impact of applicable new technologies on current and future demand side options. The consideration of new technologies must include, without limitation, consideration of the potential impact of advances in digital technology and computer information systems.

~~[4]~~***5***. The demand side plan must provide a list of the programs for which the utility is requesting the approval of the Commission. The list must include:

(a) An estimate of the reduction in the peak demand and energy consumption that would result from each proposed program, in kilowatt-hours and kilowatts saved. The programs must be listed according to their expected savings and their contribution to a reduction in peak demand and energy consumption based upon realistic estimates of the penetration of the market and the average life of the programs.

(b) An assessment of the costs of each proposed program and the savings produced by the program. If the program can be relied upon to reduce peak demand on a firm basis, the assessment must include the savings in the costs of transmission and distribution.

(c) An assessment of the impact on the utility's load shapes of each proposed and existing program for conservation and demand management.

(d) If a program is an educational program, the projected expenses of the utility for the educational program.

~~[5]~~***6***. The utility shall include with its demand side plan a report on the status of all programs for conservation and demand management that have been approved by the Commission. The report must include tables for each such program showing, for each year, the planned and achieved reduction in kilowatt-hours, the reduction in kilowatts and the cost of the program.

~~[6]~~***7***. On or before August 15 of each year following the filing of its resource plan, the utility shall file with the Commission a copy of the complete analysis the utility used in determining for the upcoming year which conservation and demand management programs are to be continued and which programs are to be cancelled. The Commission will process this analysis in the same manner as an amendment filed pursuant to NAC 704.9503.

Sec. 3. NAC 704.9401 Financial information and assumptions used to develop financial plan.

1. The assumptions and methodologies for modeling used to develop the utility's financial plan must be described in the resource plan of the utility. The following estimated financial information for the preferred plan must be included in the financial plan:

(a) Present worth of revenue requirements.

(b) Nominal revenue requirements by year.

(c) Average system rates per kilowatt-hour by year.

(d) Total rate base by year.

(e) Financial results attributed to the risk management strategy of the utility.

➥A utility requesting mitigation of imputed debt costs associated with energy efficiency contracts and programs that qualify for portfolio energy credits must also provide: anticipated imputed impacts of the mitigation of imputed debt cost associated with renewable energy contracts and/or energy efficiency contracts, and the assumptions utilized to develop the imputed debt calculations.

2. The financial assumptions used by the utility to develop its supply plan must be stated in the financial plan. The following items must be stated for each year in the financial plan:

(a) The general rate of inflation.

(b) The AFUDC rates used in the supply plan.
(c) The cost of capital rates used in the supply plan.
(d) The discount rates used in the calculations to determine present worth.
(e) The tax rates used in the supply plan.
(f) Other assumptions used in the supply plan.

Sec. 4. NAC 704.9489 Requirements for action plan.

1. Each resource plan of a utility must include a detailed action plan based on an integrated analysis of the demand side plan and supply plan of the utility. In its action plan, the utility shall specify all its actions that are to take place during the 3 years commencing with the year following the year in which the resource plan is filed. The action plan must contain:

(a) An introductory section that explains how the action plan fits into the longer-term strategic plan of the utility.

(b) A list of actions for which the utility is seeking the approval of the Commission.

(c) A schedule for the acquisition of data, including planned activities to update and refine the quality of the data used in forecasting.

(d) A specific timetable for acquisition of options for the supply of electric energy and for programs for conservation and demand management.

(e) If changes in the methodology are being proposed, a description fully justifying the proposed changes, including an analysis of the costs and benefits. Any changes in methodology that are approved by the Commission must be maintained for the period described in the action plan.

(f) A section describing any plans of the utility to acquire additional modeling instruments.

(g) A section for the utility's program for conservation and demand management, including:

(1) A description of continued planning efforts; ~~[and]~~

(2) A plan to carry out and continue selected measures for conservation and demand management that have been identified as desirable~~[.]~~***; and***

(3) Any impacts of imputed debt calculations associated with energy efficiency programs in the preferred plan.

(h) A section for the utility's program for acquisition of resources for the supply of electric energy for the period covered by the action plan, including:

(1) The immediate plans of the utility for construction of facilities or long-term purchases of power;

(2) The expected time for construction of facilities and acquisition of long-term purchases of power identified in subparagraph (1)~~[; and]~~

(3) The major milestones of construction~~[.]~~***;***

(4) Any impacts of imputed debt calculations associated with renewable energy contracts or energy efficiency contracts in the preferred plan.

2. The action plan must contain an energy supply plan.

3. The action plan must contain a budget for planned expenditures suitable for comparing planned and achieved expenditures. Expenses must be listed in a format that is consistent with the categories and periods to be presented in subsequent filings. The budget must be organized in the following categories:

(a) Forecasting of loads;

(b) Conservation and demand management;

(c) Plan for supply; and

(d) Financial plan.

4. The action plan must contain schedules suitable for comparing planned and actual activities and accomplishments. Milestones and points of decision committing major expenditures must be shown.

Sec. 5. NAC 704.9494 Approval of action plan; determination that elements of energy supply plan are prudent; recovery of costs to carry out approved plans.

1. The Commission will issue an order:

(a) Approving the action plan of the utility as filed; or

(b) If the plan is not approved as filed, specifying those parts of the action plan the Commission considers inadequate.

2. Approval by the Commission of an action plan constitutes a finding that the programs and projects contained in that action plan, other than the energy supply plan, are prudent, including, without limitation, construction of facilities, purchased power obligations ~~[and]~~, programs for conservation and demand management***, and impacts of imputed debt calculations associated with renewable energy contracts or energy efficiency contracts***. If the Commission subsequently determines that any information relied upon when issuing its order approving the action plan was based upon information that was known or should have been known by the utility to be untrue or false at the time the information was presented, the Commission may revoke, rescind or otherwise modify its approval of the action plan.

3. If, at the time that the Commission approves the action plan of the utility, the Commission determines that the elements of the energy supply plan are prudent, the Commission will specifically include in the approval of the action plan its determination that the elements contained in the energy supply plan are prudent. For the Commission to make a determination that the elements of the energy supply plan are prudent:

(a) The energy supply plan must not contain any feature or mechanism that the Commission finds would impair the restoration of the creditworthiness of the utility or would lead to a deterioration of the creditworthiness of the utility.

(b) The energy supply plan must optimize the value of the overall supply portfolio for the utility for the benefit of its bundled retail customers.

(c) The utility must demonstrate that the energy supply plan balances the objectives of minimizing the cost of supply, minimizing retail price volatility and maximizing the reliability of supply over the term of the plan.

Failure by a utility to demonstrate that its energy supply plan is prudent in accordance with this subsection does not otherwise affect approval of the action plan, including the energy supply plan, and the utility may subsequently seek a determination that the energy supply plan is prudent in the appropriate deferred energy proceeding.

4. A utility may recover all costs that it prudently and reasonably incurs in carrying out an approved action plan in the appropriate separate rate proceeding. A utility may recover all costs that are prudently and reasonably incurred in carrying out the approved energy supply plan, including deviations pursuant to subsection 1 of NAC 704.9504 approved by the Commission in the appropriate deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

Sec. 6. NAC 704.9512 Submission to Commission of certain purchased power obligations; disclosure of certain affiliate relationships.

1. The utility shall submit to the Commission a copy of:

(a) Each long-term purchased power obligation; and

(b) Any other purchased power obligation for which the utility is seeking the approval of the Commission,

to which the utility is committed or plans to become committed during the period covered by the action plan.

2. For any such contract that is not executed at the time the action plan is filed, the utility shall submit the contract, upon execution, to the Commission for review. The utility shall, for each such contract, disclose the existence of any affiliate relationship between the parties.

3. To the extent the utility seeks approval of a renewable energy contract or energy efficiency contract, imputed debt calculations must be provided with the submission.

Sec. 7. NAC 704.9516 Contents of amendment to action plan.

1. An amendment to an action plan submitted by a utility pursuant to NAC 704.9503 must contain:

(a) A section that identifies the items for which the utility is requesting specific approval;

(b) A section that specifies any changes in assumptions or data that have occurred since the utility's last resource plan was filed;

(c) As applicable, information required in paragraphs (d) and (e) of subsection 1, and subsections 3 and 4 of NAC 704.9489;

(d) As applicable, data and information required pursuant to NAC 704.922 to 704.948, inclusive, necessary to facilitate an evaluation of the items specified pursuant to paragraph (a) for which the utility is requesting specific approval;

(e) A current peak demand forecast; and

(f) A table indicating the current loads and resources.

(g) If the utility seeks an amendment related to a renewable energy contract, or energy efficiency contract, or a demand side management program eligible for portfolio energy credits, imputed debt mitigation should be provided.

2. For amendments submitted pursuant to paragraphs (a) and (f) of subsection 1 of NAC 704.9503, a utility shall file with the Commission the information required pursuant to paragraph (d) of subsection 1 of this section.

PORTFOLIO STANDARD FOR RENEWABLE ENERGY

Sec. 8. NAC 704.XXX

"Energy efficiency measure" has the meaning ascribed to it in Section 18 of AB 3.

Sec. 9. NAC 704.XXX

"Portfolio energy credit" has the meaning ascribed to it in Section 19 of AB 3.

Sec. 10. NAC 704.XXX

"Portfolio energy system or efficiency measure" has the meaning ascribed to it in Section 20 of AB 3.

Sec. 11. NAC 704.XXX

"Energy Efficiency Contract" has the meaning ascribed to it in Section 29(8)(a) of AB 3.

Sec. 12. NAC 704.8871 Compliance with portfolio standard.
1. Except as otherwise provided in NAC 704.8831 to 704.8893, inclusive, each provider shall comply with its portfolio standard during each compliance year by generating ~~[or]~~ ***,*** acquiring***, or saving*** electricity from ~~[renewable energy systems]~~ ***a portfolio energy system or efficiency measures*** in the amounts required by NRS 704.7821 for that compliance year.
2. Each provider has the burden to prove that it complied with its portfolio standard during each compliance year.

Sec. 13. NAC 704.8873 Authority of Commission to require provision of certain information.
The Commission may, at any time, require a provider or an owner or operator of a ~~[renewable energy system]~~ ***portfolio energy system or efficiency measure*** providing electricity ***or portfolio credits*** to a provider pursuant to a ~~[renewable energy]~~ contract to provide the Commission with any information that the Commission determines is necessary to monitor or enforce compliance with the provisions of NAC 704.8831 to 704.8893, inclusive.

Sec. 14. NAC 704.8875 Calculations concerning compliance with portfolio standard: Eligible kilowatt-hours. In calculating the total number of kilowatt-hours that a provider generates~~[or]~~ ***,*** acquires***, or saves*** from ~~[renewable]~~ ***portfolio*** energy systems or efficiency measure during a compliance year, the provider may use the following kilowatt-hours if the provider has complied with all requirements for inclusion of the kilowatt-hours in its calculation:
1. Any kilowatt-hours generated by the provider from its own renewable energy systems during the compliance year;
2. Any kilowatt-hours acquired by the provider during the compliance year pursuant to preexisting renewable energy contracts ***or energy efficiency contracts***;
3. Any kilowatt-hours acquired by the provider during the compliance year pursuant to new renewable energy contracts ***or energy efficiency contracts***;
4. Any equivalent kilowatt-hours attributable to the provider during the compliance year from solar thermal systems;
5. Any excess kilowatt-hours fed back to the provider during the compliance year from net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive; ~~[and]~~
6. ***Any kilowatt-hours saved as a result of an energy efficiency measure, subject to the limitations set forth in NRS 704.7821(2)(b); and***
7. Any kilowatt-hours that the provider is authorized to carry forward from previous compliance years.

Sec. 15. NAC 704.8877 Calculations concerning compliance with portfolio standard: Submission of information; estimates; effect of equaling or exceeding estimates.
1. Not later than April 1 of each compliance year, each provider shall submit to the Regulatory Operations Staff and the Bureau of Consumer Protection:
(a) The total number of kilowatt-hours sold by the provider to its retail customers in this State during the most recently completed compliance year. For compliance year 2003, calendar year 2002 shall be deemed to be the most recently completed compliance year for the purposes of this paragraph.

(b) The estimated number of kilowatt-hours that the provider expects to sell to its retail customers in this State during the current compliance year.

(c) The estimated number of kilowatt-hours that the provider must generate or acquire from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** to comply with its portfolio standard for the current compliance year, as calculated by the provider pursuant to subsection 2.

2. To calculate the estimated number of kilowatt-hours that the provider must generate or acquire from renewable energy systems to comply with its portfolio standard for the current compliance year, the provider must multiply the estimated number of kilowatt-hours that the provider expects to sell to its retail customers in this State during the current compliance year by the required percentage that is set forth in NRS 704.7821 for the current compliance year.

3. If the total number of kilowatt-hours that the provider generates or acquires from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** for the current compliance year is equal to or exceeds the estimated number of kilowatt-hours as calculated by the provider pursuant to subsection 2, the Commission will not impose an administrative fine or take other administrative action against the provider for that compliance year.

Sec. 16. NAC 704.8879 Annual report.

1. Beginning with compliance year 2004, not later than April 1 of each compliance year, each provider shall submit to the Commission an annual report that sets forth all the information required by this section.

2. The annual report must set forth:

(a) The capacity of each ~~[renewable]~~ ***portfolio*** energy system owned, operated or controlled by the provider, the total number of kilowatt-hours generated by each such system during the most recently completed compliance year and the percentage of that total amount which was generated directly from renewable energy.

(b) Whether, during the most recently completed compliance year, the provider began construction on, acquired or placed into operation any ~~[renewable]~~ ***portfolio*** energy system and, if so, the date of any such event.

(c) The total number of kilowatt-hours sold by the provider to its retail customers in this State during the most recently completed compliance year.

(d) The total number of kilowatt-hours that the provider generated or acquired from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** during the most recently completed compliance year and, from that total number of kilowatt-hours, subtotals for the number of kilowatt-hours:

(1) Generated by the provider from its own ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures***;

(2) Acquired by the provider pursuant to preexisting renewable energy contracts;

(3) Acquired by the provider pursuant to new renewable energy contracts***, including energy efficiency contracts***;

(4) Attributable to the provider from solar thermal systems;

(5) Fed back to the provider from net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive; ~~[and]~~

(6) Carried forward by the provider from previous compliance years; ***and***

(7) Installed at service locations of residential customers pursuant to NRS 704.7821 (2)(b).

(e) The total number and type of kilowatt-hours that the provider intends to carry forward from the most recently completed compliance year.

(f) The estimated number of kilowatt-hours that the provider expects to sell to its retail customers in this State during the current compliance year.

(g) The estimated number of kilowatt-hours that the provider must generate or acquire from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** to comply with its portfolio standard for the current compliance year, as calculated by the provider pursuant to NAC 704.8877.

(h) If the provider is a utility provider, the estimated costs for the utility provider to comply with its portfolio standard for the current compliance year. If appropriate, the utility provider must report such estimated costs for each major type of cost, such as general and administrative costs and costs for purchased power.

3. In the annual report, the provider must make an affirmative showing that the provider complied with its portfolio standard during the most recently completed compliance year. If the provider did not comply with its portfolio standard during the most recently completed compliance year, in the annual report the provider must:

(a) Make a detailed explanation for its noncompliance; and

(b) Provide any information that would support an exemption for the provider from any administrative fine or other administrative action.

4. If, to comply with its portfolio standard during the most recently completed compliance year, the provider acquired any kilowatt-hours from a ~~[renewable]~~ ***portfolio*** energy system that is not owned, operated or controlled by the provider, the annual report must include an attestation from the owner or operator of the ~~[renewable]~~ ***portfolio*** energy system that the energy represented by those kilowatt-hours:

(a) Has not been and will not be sold or otherwise exchanged for compensation or used for ~~[renewable energy]~~ credit~~[s]~~ in any other state or jurisdiction; and

(b) Has not been and will not be included within a blended energy product certified to include a fixed percentage of renewable energy in any other state or jurisdiction.

Sec. 17. NAC 704.8881 Determination of whether provider complied with portfolio standard; carry forward of excess kilowatt-hours; notice of noncompliance; hearing; administrative fines and other administrative action.

1. Not later than 30 days after the date on which a provider submits its annual report, the Commission will issue an order stating whether the provider complied with its portfolio standard during the most recently completed compliance year.

2. If the Commission determines that the provider complied with its portfolio standard during the most recently completed compliance year, the Commission will determine whether the provider is authorized to carry forward any excess kilowatt-hours from that compliance year. If the Commission determines that the total number of kilowatt-hours which the provider generated or acquired from ~~[renewable]~~ ***portfolio*** energy systems during the most recently completed compliance year exceeded the total number of kilowatt-hours which the provider needed to comply with its portfolio standard for that compliance year:

(a) The Commission will state in its order the number of excess kilowatt-hours which the provider is authorized to carry forward from that compliance year; and

(b) The provider may use those excess kilowatt-hours to comply with its portfolio standard for the 4 compliance years immediately following that compliance year.

3. If the Commission determines that the provider did not comply with its portfolio standard during the most recently completed compliance year, the Commission will:

(a) State in its order the number of kilowatt-hours by which the provider failed to comply with its portfolio standard; and

(b) Issue a notice of noncompliance and schedule a hearing on the matter.

4. At the hearing, the provider has the burden to prove that it complied with its portfolio standard during the most recently completed compliance year.

5. Except as otherwise provided in NAC 704.8831 to 704.8893, inclusive, if, after the hearing, the Commission determines that the provider did not comply with its portfolio standard during the most recently completed compliance year, the Commission may impose an administrative fine that is assessed against the provider on each kilowatt-hour by which the provider failed to comply with its portfolio standard or take other administrative action against the provider, or do both.

6. In determining whether to impose an administrative fine or take other administrative action against the provider, the Commission will consider whether the provider should have built its own ~~[renewable]~~ ***portfolio*** energy systems to comply with its portfolio standard.

7. If the Commission imposes an administrative fine that is assessed against a provider on each kilowatt-hour by which the provider failed to comply with its portfolio standard, the Commission will calculate the administrative fine, on a per kilowatt-hour basis:

(a) For a utility provider, in an amount that is not less than the difference between the just and reasonable average cost per kilowatt-hour to acquire electricity pursuant to renewable energy contracts ***or energy efficiency contracts*** and the overall average cost per kilowatt-hour to generate and acquire electricity that is incurred by the utility provider.

(b) For a nonutility provider, in an amount that is not less than the difference between the just and reasonable average cost per kilowatt-hour to acquire electricity pursuant to renewable energy contracts ***or energy efficiency contracts*** and the overall average cost per kilowatt-hour to generate and acquire electricity that is incurred by a utility provider designated by the Commission.

Sec. 18. NAC 704.8883 Petition for exemption from administrative fine or other administrative action.

1. If the Commission imposes an administrative fine or takes other administrative action against a provider pursuant to NAC 704.8881, not later than 30 days after the date on which the Commission issues its order, the provider may file with the Commission a petition for an exemption from the administrative fine or other administrative action. If the provider files such a petition, the Commission will schedule a hearing on the petition to be held not later than 75 days after the date on which the petition is filed.

2. For the provider to be entitled to an exemption, the Commission must determine that there was not a sufficient supply of electricity from ~~[renewable]~~ ***portfolio*** energy systems made available to the provider during the most recently completed compliance year. The Commission will make such a determination only if it finds that:

(a) After the provider made its request for proposals for renewable energy contracts ***or energy efficiency contracts***, the proposals received by the provider did not offer sufficient quantities of ~~[electricity]~~ ***portfolio energy credits*** for the provider to comply with its portfolio standard or did not offer sufficient quantities of ~~[electricity pursuant to renewable energy contracts]~~ ***portfolio energy credits*** with just and reasonable terms and conditions;

(b) After the provider contracted for sufficient quantities of electricity pursuant to renewable energy contracts ***or energy efficiency contracts*** with just and reasonable terms and conditions, one or more of the ~~[renewable]~~ ***portfolio*** energy systems under contract were unable or failed to meet their contractual commitments to the provider or were prevented from meeting their contractual commitments to the provider based on federal, state or local requirements or standards;

(c) The provider could not have economically or technically placed into commercial operation its own ~~[renewable]~~ ***portfolio*** energy systems; or

(d) Other facts and circumstances which the Commission deems relevant support a conclusion that there was not a sufficient supply of electricity from ~~[renewable]~~ ***portfolio*** energy systems made available to the provider. Such other facts and circumstances may include, without limitation, any regulatory delay attributable to the State of Nevada or any other governmental entity.

3. If, after the hearing, the Commission determines that there was not a sufficient supply of electricity from ~~[renewable]~~ ***portfolio*** energy systems made available to the provider during the most recently completed compliance year, the Commission:

(a) Will grant, in whole or in part, the petition for an exemption from the administrative fine or other administrative action; and

(b) Will not impose an administrative fine or take other administrative action against the provider with regard to any insufficiency in the portfolio standard that occurs because one or more of the ~~[renewable]~~ ***portfolio*** energy systems under contract were unable or failed to meet their contractual commitments to the provider or were prevented from meeting their contractual commitments to the provider based on federal, state or local requirements or standards.

Sec. 19. NAC 704.8885 New renewable energy contracts *and energy efficiency contracts*: Review by Commission; criteria for approval.

1. If a utility provider executes a new renewable energy contract ***or energy efficiency contract***, the utility provider shall submit the new renewable energy contract ***or energy efficiency contract*** to the Commission for approval. The new renewable energy contract ***or energy efficiency contract*** shall be deemed to be a long-term purchase obligation for the purposes of NAC 704.9005 to 704.9525, inclusive, regardless of the term of the contract or the amount of electricity to be acquired pursuant to the contract, and the utility provider shall submit the contract to the Commission for approval in accordance with the provisions of those sections.

2. To approve a new renewable energy contract ***or energy efficiency contract*** executed by a utility provider, the Commission must determine that the terms and conditions of the new renewable energy contract ***or energy efficiency contract*** are just and reasonable. In making its determination, the Commission will consider, without limitation:

(a) The reasonableness of the price for the electricity based on the factors set forth in NAC 704.8887;

(b) The term of the contract;

(c) The location of each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract;

(d) The use of natural resources by each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract;

(e) The firmness of the electricity to be delivered and the delivery schedule;

(f) The delivery point for the electricity;

(g) The characteristics of similar ~~[renewable]~~ ***portfolio*** energy systems;

(h) The requirements for ancillary services;

(i) The unit contingent provisions;

(j) The system peak capacity requirements of the utility provider;

(k) The requirements for scheduling;

(l) Conditions and limitations on the transmission system;

(m) Project insurance;

(n) The costs for procuring replacement power in the event of nondelivery;

(o) Information verifying that each ~~[renewable]~~ ***portfolio*** energy system which is subject to the contract transmits or distributes or will transmit or distribute the electricity that it generates from renewable energy in accordance with the requirements of NRS 704.7815;

(p) For each owner and for each operator of a ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract, the total number of ~~[renewable]~~ ***portfolio*** energy systems that each such owner and each such operator is or has been associated with as an owner or operator, including, without limitation, all ~~[renewable]~~ ***portfolio*** energy systems that are actively being constructed by or have been constructed by the owner or operator;

(q) For each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract, the points of interconnection with the electric system of the utility;

(r) The interconnection priority which has been established for the available transmission capacity of the utility provider for all proposed renewable energy systems that will interconnect and begin commercial operation within the 3-year period immediately following the date on which the new renewable energy contract ***or energy efficiency contract*** is submitted for approval;

(s) Any requests for transmission service that have been filed with the utility provider;

(t) For each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract, any evidence that an environmental assessment, an environmental impact statement or an environmental impact report is being completed or has been completed with regard to the ~~[renewable]~~ ***portfolio*** energy system, or any evidence that a contract has been executed with an environmental contractor who will prepare such an assessment, statement or report within the 3-year period immediately preceding the date on which the ~~[renewable]~~ ***portfolio*** energy system is projected to begin commercial operation;

(u) Whether any required permits have been acquired from or any applications for such permits have been filed with the appropriate governing agencies within the 3-year period immediately preceding the date on which the ~~[renewable]~~ ***portfolio*** energy system is projected to begin commercial operation;

(v) Whether any applications for developmental rights have been filed with the appropriate federal agencies, including, without limitation, the United States Bureau of Land Management, where the granting of such developmental rights is not contingent upon a competitive bidding process;

(w) For each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract, any evidence that establishes rights of ownership, possession or use concerning land or natural resources, including, without limitation, deeds, land patents, leases, contracts, licenses or permits concerning land, geothermal drilling rights or other rights to natural resources; and

(x) Whether the utility provider has any economical dispatch rights.

Sec. 20. NAC 704.8887 New renewable energy contracts *or energy efficiency contracts*: Determination of whether price for electricity is reasonable.

1. For the purposes of this section, each utility provider shall calculate the price for electricity acquired pursuant to a new renewable energy contract ***or energy efficiency contract*** by calculating the levelized market price for the electricity based on:

(a) The rates for electricity and capacity set forth in the contract;

(b) Any escalators or inflation indices set forth in the contract;

(c) Any delivery projections for electricity and capacity set forth in the contract; and

(d) Any other terms and conditions set forth in the contract that would affect the price paid for electricity acquired pursuant to the contract.

All data that the utility provider uses to make its calculation must be based on the most current projections available when the new renewable energy contract ***or energy efficiency contract*** is executed.

2. After the utility provider calculates the price pursuant to subsection 1, the Commission will determine whether the price is reasonable. In making its determination, the Commission will consider, without limitation:

(a) Whether the new renewable energy contract ***or energy efficiency contract*** comports with the utility provider's most recently approved plan to increase its supply of or decrease the demand for electricity that is submitted to the Commission pursuant to NAC 704.9005 to 704.9525, inclusive;

(b) The reasonableness of any price indexing provision set forth in the new renewable energy contract ***or energy efficiency contract***;

(c) As compared to competing facilities or energy systems that use one or more fossil fuels as their primary source of energy to generate electricity, whether the ~~[renewable]~~ ***portfolio*** energy systems that are subject to the contract will reduce environmental costs in this State, including, without limitation:

(1) Air emissions;

(2) Water consumption;

(3) Waste disposal and other land uses; and

(4) Impacts on wildlife;

(d) The net economic impact and all environmental benefits and environmental costs to this State in accordance with NAC 704.9005 to 704.9525, inclusive;

(e) Any economic development benefits that might inure to any sector of the economy of this State;

(f) The diversity of energy sources being used to generate the electricity that is consumed in this State;

(g) The diversity of energy suppliers generating or selling electricity in this State;

(h) The value of any price hedging or energy price stability associated with the new renewable energy contract ***or energy efficiency contract***;

(i) The date on which each ~~[renewable]~~ ***portfolio*** energy system that is subject to the contract is projected to begin commercial operation;

(j) Whether the utility provider has any flexibility concerning the quantity of electricity that the utility provider must acquire pursuant to the new renewable energy contract ***or energy efficiency contract***;

(k) Whether the new renewable energy contract ***or energy efficiency contract*** will result in any benefits to the transmission system of the utility provider; and

(l) Whether the electricity acquired pursuant to the new renewable energy contract ***or energy efficiency contract*** is priced at or below the utility provider's long-term avoided cost rate.

3. If a utility provider will be using a new renewable energy contract ***or energy efficiency contract*** to comply with the solar energy requirements of its portfolio standard, the price for electricity acquired pursuant to that contract will be evaluated separately from the price for electricity acquired pursuant to other new renewable energy contracts ***or energy efficiency contracts*** that will not be used to comply with the solar energy requirements of the portfolio standard.

Sec. 21. NAC 704.8888 ~~[~~Renewable~~]~~ *Portfolio* energy systems: Establishment of rebate program for residential customers.

A utility provider may establish a rebate program to assist and provide an incentive to residential customers in the construction of ~~[~~renewable~~]~~ ***portfolio*** energy systems.

Sec. 22. NAC 704.8889 ~~[~~Renewable~~]~~ *Portfolio* energy systems: Metering and verification of electric output.

1. The electric output of any ~~[~~renewable~~]~~ ***portfolio*** energy system that generates electricity must be metered and capable of being verified if the maximum electric output of the ~~[~~renewable~~]~~ ***portfolio*** energy system is more than 10 kilowatts.

2. The utility provider shall propose a measurement and verification protocol for all energy efficiency measures submitted pursuant to NAC 704.9005 to 704.9525, inclusive. The utility provider and all energy efficiency contracts shall conform to the most recent measurement and verification protocol approved by the Commission at the time an energy efficiency measure is implemented.

Sec. 23. NAC 704.8891 energy systems: Use of fossil fuel.

1. If a ~~[~~renewable~~]~~ ***portfolio*** energy system uses any fossil fuel as an energy source to generate electricity and that fossil fuel constitutes 2 percent or less of the total input, as measured in British thermal units, used by the ~~[~~renewable~~]~~ ***portfolio*** energy system to generate electricity, the total electric output of the ~~[~~renewable~~]~~ ***portfolio*** energy system qualifies as electricity generated from ~~[~~renewable~~]~~ ***portfolio*** energy.

2. If a ~~[~~renewable~~]~~ ***portfolio*** energy system uses any fossil fuel as an energy source to generate electricity and that fossil fuel constitutes more than 2 percent of the total input, as measured in British thermal units, used by the ~~[~~renewable~~]~~ ***portfolio*** energy system to generate electricity, only the proportion of the total electric output of the ~~[~~renewable~~]~~ ***portfolio*** energy system that can be attributed to the use of portfolio energy qualifies as electricity generated from ~~[~~renewable~~]~~ ***portfolio*** energy. The proportion of the total electric output that qualifies as electricity generated from ~~[~~renewable~~]~~ ***portfolio*** energy must be calculated based on:

(a) The proportion that ~~[~~renewable~~]~~ ***portfolio*** energy constitutes of the total input, as measured in British thermal units, used by the ~~[~~renewable~~]~~ ***portfolio*** energy system to generate electricity; or

(b) If practicable, separate metering.

Sec. 24. NAC 704.8893 ~~[~~Renewable~~]~~ *Portfolio* energy systems: Use of solar thermal systems.

1. A solar thermal system which reduces the consumption of electricity, natural gas or propane and which is used as a solar water heating system qualifies as a ~~[~~renewable~~]~~ ***portfolio*** energy system only if the solar water heating system is certified by the SRCC. To calculate the number of equivalent kilowatt-hours attributable to the solar water heating system, the provider must use:

(a) For a solar water heating system that is not rated by the SRCC, a thermal energy meter;

(b) For a solar water heating system which has an SRCC rating of 34 million British thermal units or more, a thermal energy meter; or

(c) For a solar water heating system which has an SRCC rating of less than 34 million British thermal units, a thermal energy meter or the annual performance estimates of the SRCC for the solar water heating system.

2. A solar thermal system which reduces the consumption of electricity, natural gas or propane and which is used for a purpose other than as a solar water heating system qualifies as a ~~[~~renewable~~]~~ ***portfolio*** energy system only if the Commission determines that the provider can adequately measure or estimate the number of equivalent kilowatt-hours attributable to the solar thermal system.

SYSTEM OF ~~[~~RENEWABLE~~]~~ *PORTFOLIO* ENERGY CREDITS

Sec. 25. NAC 704.8903 "Administrator" defined.

"Administrator" means the person appointed by the Commission to administer the system of ~~[~~renewable~~]~~ ***portfolio*** energy credits established pursuant to NRS 704.7821.

Sec. 26. NAC 704.8905 "Designated representative" defined.

"Designated representative" means the person authorized by the owner of a ~~[~~renewable~~]~~ ***portfolio*** energy system to represent the system before the Commission.

Sec. 27. NAC 704.XXX

"Energy efficiency measure" has the meaning ascribed to it in Section 18 of AB 3

Sec. 28. NAC 704.XXX

"Portfolio energy credit" has the meaning ascribed to it in Section 19 of AB 3.

Sec. 29. NAC 704.XXX

"Portfolio energy system or efficiency measure" has the meaning ascribed to it in Section 20 of AB 3.

Sec. 30. NAC 704.8913 "*Portfolio* energy credit" defined. ~~[~~Effective through June 30, 2007.~~]~~ "~~[~~Renewable~~]~~ ***Portfolio*** energy credit" means a unit of credit which:

1. Equals 1 kilowatt-hour of electricity generated ***or saved*** by a ~~[~~renewable~~]~~ ***portfolio*** energy system.

2. For a solar facility that reduces the consumption of electricity by the generation of solar energy, equals the amount of consumption of electricity ~~[natural gas or propane]~~ ***or any fossil fuel*** that is reduced at the facility by the operation of the solar facility.

3. For a net metering system, equals the amount of metered electricity generated by the system or, if the system does not use a meter to measure the kilowatt-hours of electricity generated by the system, equals the estimate of the electricity generated by the system in the manner prescribed in subsection 7 of NAC 704.8927.

Sec. 31. NAC 704.8913 "Portfolio energy credit" defined. ~~[Effective July 1, 2007.]~~ "~~[Renewable]~~ ***Portfolio*** energy credit" means a unit of credit which:

1. Equals 1 kilowatt-hour of electricity generated ***or saved*** by a ~~[renewable]~~ ***portfolio*** energy system.

2. For a solar facility that reduces the consumption of electricity by the generation of solar energy, equals the amount of consumption of electricity ~~[natural gas or propane]~~ ***or any fossil fuel*** that is reduced at the facility by the operation of the solar facility.

3. For a net metering system, equals the amount of metered electricity generated by the system or, if the system does not use a meter to measure the kilowatt-hours of electricity generated by the system, equals the estimate of the electricity generated by the system in the manner prescribed in subsection 6 of NAC 704.8927.

Sec. 32. NAC 704.8919 Use of credits to comply with portfolio standard for renewable energy. ~~[Renewable]~~ ***Portfolio*** energy credits may be used to comply with a portfolio standard for renewable energy established by the Commission pursuant to NRS 704.7821.

Sec. 33. NAC 704.8921 Application for participation in system.

1. A ~~[renewable]~~ ***portfolio*** energy system or an owner of ~~[renewable]~~ ***portfolio*** energy credits who wishes to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits established pursuant to NRS 704.7821 must apply to, and be approved by, the Commission to participate in the system.

2. The application must include:

(a) The legal name of the applicant and all other names under which the applicant is doing business in the United States.

(b) The telephone number, mailing address and electronic mail address of the applicant.

(c) A copy of each business license and certificate issued by this State or any local government of this State which authorizes the applicant to conduct business in this State.

(d) The name, telephone number, address and electronic mail address of the designated representative, if the applicant is a renewable energy system.

(e) A map indicating the location of the ~~[renewable]~~ ***portfolio*** energy system, and an electrical one-line diagram indicating the system's interconnection points with the local distribution or transmission system and the location of all generation units***, if applicable***.

(f) The type of ~~[renewable]~~ ***portfolio*** energy system.

(g) The rating of the electrical capacity of the ~~[renewable]~~ ***portfolio*** energy system.

(h) The date the ~~[renewable]~~ ***portfolio*** energy system was placed in service.

(i) The estimated yearly generation ***or savings*** of electricity by the ~~[renewable]~~ ***portfolio*** energy system in kilowatt-hours.

(j) The location and type of metering used by the ~~[renewable]~~ ***portfolio*** energy system, including the identification of primary metering and secondary metering at multiple sites.

(k) If fossil fuel is used as an energy source to generate electricity, the percentage that fossil fuel bears to the total input of the ~~[renewable]~~ ***portfolio*** energy system. If the percentage of fossil fuel is more than 2 percent of the total input, as measured in British thermal units, a statement that indicates whether separate metering is practical.

(l) Proof that the applicant is a ~~[renewable]~~ ***portfolio*** energy system or an owner of ~~[renewable]~~ ***portfolio*** energy credits.

(m) A signature page signed by an authorized agent of the ~~[renewable]~~ ***portfolio*** energy system which states that the ~~[renewable]~~ ***portfolio*** energy system consents to the jurisdiction of the Commission for the purposes of participating in the system of ~~[renewable]~~ ***portfolio*** energy credits.

3. If there is a change in any information contained in the application, the applicant shall notify the Commission and provide the revised information within 30 days after the change in the information occurs.

Sec. 34. NAC 704.8923 Quarterly reports by participants in system and providers of electric service.

1. Each ~~[renewable]~~ ***portfolio*** energy system or owner of ~~[renewable]~~ ***portfolio*** energy credits who is authorized by the Commission to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits shall, not later than 30 days after the last day of the month in the calendar quarter, submit to the Commission or Administrator each calendar quarter information concerning the purchase or sale of ~~[renewable]~~ ***portfolio*** energy credits. The amount of electricity reported in the information submitted to the Commission or Administrator must be generated solely from, or purchased and attributable to, a ~~[renewable]~~ ***portfolio*** energy system which is authorized by the Commission to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits pursuant to NAC 704.8921.

2. Each provider of electric service shall, not later than 30 days after the end of the calendar quarter, submit to the Administrator a quarterly report which includes the amount of ~~[renewable]~~ ***portfolio*** energy and the number of ~~[renewable]~~ ***portfolio*** energy credits purchased from each ~~[renewable]~~ ***portfolio*** energy system. The report must be submitted on a form prescribed by the Administrator.

Sec. 35. NAC 704.8925 Awarding of credits generated pursuant to certain contracts made before December 8, 2003.

If a ~~[renewable]~~ ***portfolio*** energy system has entered into a contract with a provider of electric service before December 8, 2003, the ~~[renewable]~~ ***portfolio*** energy credits generated by the ~~[renewable]~~ ***portfolio*** energy system pursuant to the contract must be awarded to the provider, or as otherwise determined in a proceeding conducted pursuant to NAC 704B.300 to 704B.420, inclusive.

Sec. 36. NAC 704.8927 Measurement of applicable energy; certification and allocation of credits. §19 of ch. 331, Stats. 2003, as amended by §18 of ch. 478, Stats. 2003) ~~[Effective through June 30, [2007]~~ *2010*.]

1. Except as otherwise provided in NAC 704.8893, electricity generated by a ~~[renewable]~~ ***portfolio*** energy system which is authorized to participate in the system of ~~[renewable]~~ ***portfolio***

energy credits must be metered and the ~~[renewable]~~ ***portfolio*** energy system shall submit meter readings quarterly to the Commission.

2. Except as otherwise provided in subsections 3 to 10, inclusive, the Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits to a ~~[renewable]~~ ***portfolio*** energy system for:

(a) The net metered output of electricity in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net metered output must be provided to the Administrator by the entity that owns, operates or controls the meters used to monitor the net metered output of electricity of the ~~[renewable]~~ ***portfolio*** energy system.

(b) The difference between the metered generation of electricity in kilowatt-hours and the net metered output of electricity set forth in paragraph (a). Unless otherwise provided for in a contract for ~~[renewable]~~ ***portfolio*** energy, the ~~[renewable]~~ ***portfolio*** energy credits certified by the Administrator pursuant to this paragraph must be awarded to the owner of the ~~[renewable]~~ ***portfolio*** energy system.

3. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for the line loss factor of a customer-maintained distributed ~~[renewable]~~ ***portfolio*** energy system by multiplying the metered number of kilowatt-hours generated and used by the customer who is served by the customer-maintained ~~[renewable]~~ ***portfolio*** energy system by a factor of 1.05.

4. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for participants in the Solar Energy Systems Demonstration Program created in section 14 of chapter 331, Statutes of Nevada 2003, as amended by section 17 of chapter 478, Statutes of Nevada 2003, by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.

5. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for solar photovoltaic systems described in NRS 704.7822 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.

6. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for a system that uses a reverse polymerization process described in NRS 704.7823 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 0.7.

7. The Administrator shall certify portfolio energy credits for electricity saved by the utility provider during its peak load periods, as defined in the utility provider's approved tariffs, from energy efficiency measures described in Section 18 of Assembly Bill 3 by multiplying each kilowatt–hour of electricity saved by the utility provider during its peak load period from energy efficiency measures by a factor of 2.0.

~~[7]~~ ***8***. A solar thermal energy system may use a thermal energy meter to measure the amount of energy generated by the system. The system will be credited with 1 kilowatt-hour of electricity generated for each 3,412 British thermal units of heat generated by the solar thermal energy system.

~~[8]~~***9***. A net metering system will be credited ~~[quarterly]~~ ***yearly*** with renewable energy credits based upon the amount of metered electricity generated by the system or, if metering is not used, upon an estimate of the electricity generated by the net metering system by using the method of calculation designated by the Regulatory Operations Staff of the Commission for a solar energy system which does not use a meter to measure the generation of electricity of the system.

~~[9]~~***10***. The ~~[renewable]~~ ***portfolio*** energy credits generated by a net metering system must be assigned to the owner of the net metering system, unless the provisions of subparagraph ~~[(2)]~~ ***(4)*** of paragraph (c) of subsection 2 of NRS 704.775 ***or subparagraph 3 of paragraph (c) of subsection 3 of NRS 704.775*** apply, or another allocation of the ~~[renewable]~~ ***portfolio*** energy

credits is provided for in a written agreement between the utility provider and the owner of the net metering system.

~~[10]~~***11***. If the Administrator is required by subsections 4, 5 and 6 to apply a multiplier in certifying ~~[renewable]~~ ***portfolio*** energy credits for a ~~[renewable]~~ ***portfolio*** energy system and he determines that more than one multiplier may be applicable to the ~~[renewable]~~ ***portfolio*** energy system, the Administrator shall only apply the largest applicable multiplier in certifying the ~~[renewable]~~ ***portfolio*** energy credits.

~~[11]~~***12***. As used in this section:

(a) "Customer-maintained distributed ~~[renewable]~~ ***portfolio*** energy system" means a facility or energy system which:

(1) Is an energy efficiency measure used and maintained by an end-use customer; or

~~[(1)]~~***(2)*** Is used and maintained by an end-use customer;

~~[(2)]~~***(3)***Uses renewable energy to generate electricity;

~~[(3)]~~***(4)*** Does not use the utility's system to transmit or distribute electricity; and

~~[(4)]~~***(5)*** Uses a meter and other equipment to:

(I) Measure the electricity generated by the energy system; and

(II) Reduce part, but not more than all, of the electrical load of the customer.

(b) "Reverse polymerization process" has the meaning ascribed to it in NRS 704.7823.

(c) "Solar thermal energy system" means a renewable energy system that uses solar energy for the purpose of producing heat to reduce directly the consumption of electricity, natural gas or propane.

Sec. 37. NAC 704.8927 Measurement of applicable energy; certification and allocation of credits. ~~[Effective July 1, [2007]~~*2010*.]

1. Except as otherwise provided in NAC 704.8893, electricity generated by a ~~[renewable]~~ ***portfolio*** energy system which is authorized to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits must be metered and the ~~[renewable]~~ ***portfolio*** energy system shall submit meter readings quarterly to the Commission.

2. Except as otherwise provided in subsections 3 to 9, inclusive, the Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits to a ~~[renewable]~~ ***portfolio*** energy system for:

(a) The net metered output of electricity in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net metered output must be provided to the Administrator by the entity that owns, operates or controls the meters used to monitor the net metered output of electricity of the ~~[renewable]~~ ***portfolio*** energy system.

(b) The difference between the metered generation of electricity in kilowatt-hours and the net metered output of electricity set forth in paragraph (a). Unless otherwise provided for in a contract for renewable energy, the ~~[renewable]~~ ***portfolio*** energy credits certified by the Administrator pursuant to this paragraph must be awarded to the owner of the ~~[renewable]~~ ***portfolio*** energy system.

3. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for the line loss factor of a customer-maintained distributed ~~[renewable]~~ ***portfolio*** energy system by multiplying the metered number of kilowatt-hours generated and used by the customer who is served by the customer-maintained ~~[renewable]~~ ***portfolio*** energy system by a factor of ~~[1.15]~~ ***1.05***.

4. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for solar photovoltaic systems described in NRS 704.7822 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.

5. The Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits for a system that uses a reverse polymerization process described in NRS 704.7823 by multiplying the actual kilowatt-hours produced by the ~~[solar]~~ renewable energy system by a factor of 0.7.

6. The Administrator shall certify portfolio energy credits for electricity saved by the utility provider during its peak load periods, as defined in the utility provider's approved tariffs, from energy efficiency measures described in Section 18 of Assembly Bill 3 by multiplying each kilowatt–hour of electricity saved by the utility provider during its peak load period from energy efficiency measures by a factor of 2.0.

~~[6]~~ ***7***. A solar thermal energy system may use a thermal energy meter to measure the amount of energy generated by the system. The system will be credited with 1 kilowatt-hour of electricity generated for each 3,412 British thermal units of heat generated by the solar thermal energy system.

~~[7]~~***8***. A net metering system will be credited ~~[quarterly]~~ ***yearly*** with ~~[renewable]~~ ***portfolio*** energy credits based upon the amount of metered electricity generated by the system or, if metering is not used, upon an estimate of the electricity generated by the net metering system by using the method of calculation designated by the Regulatory Operations Staff of the Commission for a solar energy system which does not use a meter to measure the generation of electricity of the system.

~~[8]~~***9***. The ~~[renewable]~~ ***portfolio*** energy credits generated by a net metering system must be assigned to the owner of the net metering system, unless the provisions of subparagraph ~~[(2)]~~ ***(4)*** of paragraph (c) of subsection 2 of NRS 704.775 ***or subparagraph 3 of paragraph (c) of subsection 3 of NRS 704.775*** apply, or another allocation of the ~~[renewable]~~ ***portfolio*** energy credits is provided for in a written agreement between the utility provider and the owner of the net metering system.

~~[9]~~***10***. If the Administrator is required by subsections 4 and 5 to apply a multiplier in certifying ~~[renewable]~~ ***portfolio*** energy credits for a portfolio energy system and he determines that more than one multiplier may be applicable to the ~~[renewable]~~ ***portfolio*** energy system, the Administrator shall only apply the largest applicable multiplier in certifying the ~~[renewable]~~ ***portfolio*** energy credits.

~~[10]~~***11***. As used in this section:

(a) "Customer-maintained distributed ~~[renewable]~~ ***portfolio*** energy system" means a facility or energy system which:

(1) Is used and maintained by an end-use customer;

(2) Uses renewable energy to generate electricity;

(3) Does not use the utility's system to transmit or distribute electricity; and

(4) Uses a meter and other equipment to:

(I) Measure the electricity generated by the energy system; and

(II) Reduce part, but not more than all, of the electrical load of the customer.

(b) "Reverse polymerization process" has the meaning ascribed to it in NRS 704.7823.

(c) "Solar thermal energy system" means a renewable energy system that uses solar energy for the purpose of producing heat to reduce directly the consumption of electricity, natural gas or propane.

Sec. 38. NAC 704.8929 ~~[~~Quarterly~~]~~ *Yearly* statements of credits.

1. Each ~~[~~renewable~~]~~ ***portfolio*** energy credit certified by the Administrator pursuant to ***NAC 704.8927*** must be identified by a serial number determined by the Administrator as follows:

(a) The first four digits must represent the year the ~~[~~renewable~~]~~ ***portfolio*** energy credit is issued.

(b) The next two digits must represent the month the ~~[~~renewable~~]~~ ***portfolio*** energy credit is issued.

(c) Those digits must be followed by two characters which represent the type of renewable energy.

(d) Those characters must be followed by six characters which represent a unique number assigned to the ~~[~~renewable~~]~~ ***portfolio*** energy system by the Commission or Administrator.

(e) Those characters must be followed by the appropriate number of digits which represent the amount expressed in thousands of kilowatt-hours of electricity generated by the ~~[~~renewable~~]~~ ***portfolio*** energy system.

2. Each ~~[~~quarterly~~]~~ ***annual*** statement of ~~[~~renewable~~]~~ ***portfolio*** energy credits must list by month the metered kilowatt-hours of electricity generated by the renewable energy system or, if the renewable energy system does not use a meter to measure the kilowatt-hours of electricity generated, the estimated amount of electricity generated and the type of ~~[~~renewable~~]~~ ***portfolio*** energy credit identified in ***NAC 704.8927***.

3. The unique number assigned to a renewable energy system by the Administrator or Commission pursuant to paragraph (d) of subsection 1 is valid for the life of the ~~[~~renewable~~]~~ ***portfolio*** energy system and may not be changed regardless of any change in the name or ownership of the system.

Sec. 39. NAC 704.8931 Expiration of credits; maintenance of certain information on website.

1. ~~[~~Renewable~~]~~ ***Portfolio*** energy credits certified by the Administrator pursuant to NAC 704.8927 expire 4 years after the compliance year in which the ~~[~~renewable~~]~~ ***portfolio*** energy credits are certified.

2. The Administrator shall establish and maintain a website on the Internet to provide information concerning transactions for the registration, certification, trading and retiring of ~~[~~renewable~~]~~ ***portfolio*** energy credits.

3. As used in this section, "compliance year" has the meaning ascribed to it in NAC 704.8839.

Sec. 40. NAC 704.8933 Transfer of credits; statement of account.

1. Upon receipt of a joint request for the transfer of a ~~[~~renewable~~]~~ ***portfolio*** energy credit from the owner of a ~~[~~renewable~~]~~ ***portfolio*** energy credit and the proposed purchaser of the ~~[~~renewable~~]~~ ***portfolio*** energy credit, the Administrator shall transfer the ~~[~~renewable~~]~~ ***portfolio*** energy credit from the account of the owner to the account specified in the request, unless the credit cannot be transferred. The Administrator shall send a notice of the transfer of the ~~[~~renewable~~]~~ ***portfolio*** energy credit to the electronic mail addresses of the owner and purchaser within 5 business days after the ~~[~~renewable~~]~~ ***portfolio*** energy credit is transferred.

2. If a ~~[~~renewable~~]~~ ***portfolio*** energy credit cannot be transferred, the Administrator shall, within 15 days after he receives the request for the transfer of a ~~[~~renewable~~]~~ ***portfolio*** energy

credit, notify the owner of the credit and the proposed purchaser, in writing, of the reason why the credit cannot be transferred.

3. The Administrator shall, each month, mail to each participant in the system of ~~[renewable]~~ ***portfolio*** energy credits a statement of his account.

Sec. 41. NAC 704.8935 Retirement of credits.

If the owner of ~~[renewable]~~ ***portfolio*** energy credits wishes to retire any such credits from being traded or otherwise transferred before their expiration, his designated representative must submit a request to retire those credits to the Administrator. The Administrator shall maintain records to identify:

1. The ~~[renewable]~~ ***portfolio*** energy credits that are retired; and
2. The basis upon which the ~~[renewable]~~ ***portfolio*** energy credits are retired.

Sec. 42. NAC 704.8937 Responsibilities of utility provider.

1. A utility provider shall:

(a) Account for ~~[renewable]~~ ***portfolio*** energy credits by using General Instruction 21 as set forth in the Uniform System of Accounts of the Federal Energy Regulatory Commission in 18 C.F.R. Part 101, which is hereby adopted by reference. The volume of the Code of Federal Regulations which contains Part 101 may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at (866) 512-1800, for the price of $62.

(b) Substitute FERC Account No. 555, which is adopted by reference pursuant to NAC 704.120, for FERC Account Nos. 411.8, 411.9 and 509.

(c) Maintain subaccounts for ~~[renewable]~~ ***portfolio*** energy credits that are separate from all other items in FERC Account No. 555.

(d) Apply for the inclusion of any losses or gains from the purchase or sale of ~~[renewable]~~ ***portfolio*** energy credits in each deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

2. As used in this section, "FERC account" means an account contained in the Uniform System of Accounts established by the Federal Energy Regulatory Commission.

Sec. 43. NAC 704.8939 Participation in Solar Energy Systems Demonstration Program: Incentives; transfer of credits; recovery of expenditures; standardized contract. §19 of ch. 331, Stats. 2003, as amended by §18 of ch. 478, Stats. 2003) ~~[Effective through June 30, [2007]~~*~~2010~~*~~.~~]

1. A utility shall offer each participant in the Solar Energy Systems Demonstration Program the following incentives for installing and operating a solar renewable energy system:

(a) For the program year beginning July 1, 2004, an incentive of $5 per watt produced by the solar renewable energy system;

(b) For the program year beginning July 1, 2005, an incentive of $4 per watt produced by the solar renewable energy system; and

(c) For the program year beginning July 1, 2006, an incentive of $3 per watt produced by the solar renewable energy system.

(d) For the program year beginning July 1, 2007, an incentive of $5 per watt produced by the solar renewable energy system for those participants in the schools and other public buildings categories of the program and an incentive of $3 per watt produced by the solar

renewable energy system for those participants in the private residences and small businesses category.

(e) For the program year beginning July 1, 2008, an incentive of $5 per watt produced by the solar renewable energy system for those participants in the schools and other public buildings categories of the program and an incentive of $2.50 per watt produced by the solar renewable energy system for those participants in the private residences and small businesses category.

(f) For the program year beginning July 1, 2009, an incentive of $5 per watt produced by the solar renewable energy system for those participants in the schools and other public buildings categories of the program and an incentive of $2 per watt produced by the solar renewable energy system for those participants in the private residences and small businesses category.

2. Nevada Power Company and Sierra Pacific Power Company may jointly petition the Commission to increase the rebate levels to the private residences and small businesses categories of the program if those categories become undersubscribed in any program year.

~~[2]~~***3***. If a participant:

(a) Accepts an incentive offered by a utility pursuant to subsection 1, the participant shall transfer the certified ~~[renewable]~~ ***portfolio*** energy credits associated with the solar renewable energy system to the utility.

(b) Does not accept an incentive offered by a utility pursuant to subsection 1, the participant may transfer the certified ~~[renewable]~~ ***portfolio*** energy credits associated with the solar renewable energy system to the utility by signing a standardized contract for a term of not less than 10 years unless the parties agree to a contract with a shorter term.

~~[3]~~***4***. A utility may recover all expenditures which it incurs in administering the Solar Energy Systems Demonstration Program in a proceeding before the Commission pursuant to subsection 7 of NRS 704.110.

~~[4]~~***5***. Nevada Power Company and Sierra Pacific Power Company shall jointly develop a standardized contract for contracting with participants in the Solar Energy Systems Demonstration Program for the purposes of paragraph (b) of subsection 2. The standardized contract must be submitted to and approved by the Commission.

6. SolarGenerations, the Solar Energy Systems Demonstration Program implementer, may submit one master application through the Nevada Task Force for Renewable Energy and Energy Conservation to the Commission for review and approval each year. The master application shall be an aggregation of the individual applications prospective participants in the Solar Energy Systems Demonstration Program have filed with SolarGenerations.

7. SolarGenerations may accept individual applications from schools and public buildings for participation in the Solar Energy Systems Demonstration Program at any time during the applicable program year.

~~[5]~~***8***. As used in this section:

(a) “Participant” has the meaning ascribed to it in section 9 of chapter 331, Statutes of Nevada 2003.

(b) “Solar Energy Systems Demonstration Program” means the Solar Energy Demonstration Systems Program created by section 14 of chapter 331, Statutes of Nevada 2003, as amended by section 17 of chapter 478, Statutes of Nevada 2003.

(c) “Utility” has the meaning ascribed to it in section 13 of chapter 331, Statutes of Nevada 2003.