PROPOSED REGULATION OF THE

PUBLIC UTILITIES COMMISSION OF NEVADA

LCB File No. R167-05

January 12, 2006

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

AUTHORITY: §§1-7, 9, 35-38 and 40, NRS 703.025, 704.210 and 704.741; §8, NRS 703.025 and 704.210; §§10-13, 16 and 19, NRS 703.025, 704.210 and 704.7828; §14, NRS 703.025, 704.210, 704.7825 and 704.782; §§15, 17, 18, 20-33, NRS 703.025, 704.210, 704.7821 and 704.7828; §34, NRS 703.025, 704.210, 704.7821, 704.7828 and §19 of ch. 331, Stats. 2003, as amended by §18 of ch. 478, Stats. 2003; §39, NRS 703.025, 704.210, 704.741 and 704.751.

A REGULATION relating to energy; revising provisions relating to renewable energy and portfolio energy credits; providing for annual crediting of portfolio energy credits; providing for regulation of portfolio energy systems and efficiency measures; providing that certain utility providers may apply to the Public Utilities Commission of Nevada for mitigation of imputed debt incurred in relation to certain renewable energy contracts or energy efficiency contracts; providing for incentives for production of renewable solar energy by schools, other public buildings, private residences and small businesses; and providing other matters properly relating thereto.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this regulation.

Sec. 2. ***"Energy efficiency contract" has the meaning ascribed to it in paragraph (a) of subsection 8 of section 29 of chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 84.***

Sec. 3. ***"Energy efficiency measure" has the meaning ascribed to it in section 18 of chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 80.***

Sec. 4. ***"Portfolio energy credit" has the meaning ascribed to it in section 19 of chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 80.***

Sec. 5. ***"Portfolio energy system or efficiency measure" has the meaning ascribed to it in section 20 of chapter 2, Statutes of Nevada 2005, 22nd Special Session, at page 80.***

Sec. 6. ***1. For a renewable energy contract or energy efficiency contract for a term of more than 3 years, a utility provider may request that the Commission approve mitigation for the impact of imputed debt on the capital structure of the utility provider.***

2. If a utility provider wishes to submit a request to the Commission pursuant to subsection 1, the utility provider must include the request to in its resource plan which includes the renewable energy contract or energy efficiency contract and which is submitted to the Commission for approval pursuant to the provisions of NAC 704.9005 to 704.9525, inclusive, and section 7 of this regulation.

3. In the request submitted pursuant to subsection 1, the utility provider:

(a) Shall include its estimate of the amount of the impact of imputed debt on the capital structure of the utility provider measured as a percentage of the net present value of the capacity payments over the life of the contract;

(b) Shall, if the capacity of the portfolio energy system or efficiency measure is not specified in the contract, propose the percentage of the value of the contract payment to be assumed as a capacity payment; and

(c) May propose an amount to be added to the cost of the contract which is equal to a compensating component in the capital structure of the utility provider. A utility requesting an amount to be added to the cost of a renewable energy contract or energy efficiency contract shall provide information which illustrates the financial impact from any imputed debt cost and any assumptions used to develop related imputed debt calculations.

4. In evaluating a request submitted pursuant to subsection 1, the Commission will consider:

(a) The effect that the proposals in the request will have on the rates paid by the retail customers of the utility provider; and

(b) The recovery of costs equal to a compensating component in the capital structure during the utility provider's next deferred energy rate proceeding.

5. If the Commission approves a request submitted pursuant to subsection 1:

(a) The Commission will set forth in its order approving the requset the impact of imputed debt on the capital structure of the utility provider measured as a percentage of the net present value of the capacity payments over the life of the contract;

(b) The costs, if any, determined by the Commission as necessary to mitigate imputed debt costs will be collected with other contract costs as a component of the base tariff energy rate; and

(c) The utility provider shall segregate imputed debt revenues from deferred energy revenues and record such revenues as general rate revenues in general rate cases.

6. As used in this section:

(a) "Capacity payment" means the payment for the acquisition of a specified quantity of generating capacity over a specified period of time.

(b) "Compensating component" means the imputed equity necessary to offset the effects of the imputed debt associated with a renewable energy contract or energy efficiency contract.

Sec. 7. *1. A utility provider shall propose a measurement and verification protocol for all energy efficiency measures submitted pursuant to NAC 704.9005 to 704.9525, inclusive, and section 7 of this regulation.*

2. The utility provider shall comply with, and shall ensure that all energy efficiency contracts entered into by the utility provider comply with, the most recent measurement and verification protocol approved by the Commission at the time an energy efficiency measure is implemented.

Sec. 8. NAC 704.005 is hereby amended to read as follows:

704.005 As used in this chapter, unless the context otherwise requires, the words and terms defined in NAC 704.0052 to 704.009, inclusive, ***and sections 3 and 5 of this regulation*** have the meanings ascribed to them in those sections.

Sec. 9. NAC 704.8831 is hereby amended to read as follows:

704.8831 As used in NAC 704.8831 to 704.8899, inclusive, ***and sections 2, 4 and 6 of this regulation,*** unless the context otherwise requires, the words and terms defined in NAC 704.8833 to 704.8867, inclusive, ***and sections 2 and 4 of this regulation*** have the meanings ascribed to them in those sections.

Sec. 10. NAC 704.8871 is hereby amended to read as follows:

704.8871 1. Except as otherwise provided in NAC 704.8831 to 704.8899, inclusive, ***and sections 2, 4 and 6 of this regulation,*** 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 measure*** 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. 11. NAC 704.8873 is hereby amended to read as follows:

704.8873 The Commission may, at any time, require a provider or an owner or operator of a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** providing electricity ***or portfolio energy 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 704.8899, inclusive ~~[.]~~ ***, and sections 2, 4 and 6 of this regulation.***

Sec. 12. NAC 704.8875 is hereby amended to read as follows:

704.8875 In calculating the total number of kilowatt-hours that a provider generates ***,*** ~~[or]~~ acquires ***or saves*** from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** 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 ***or saved*** by the provider during the compliance year pursuant to preexisting renewable energy ***contracts or energy efficiency*** contracts;

3. Any kilowatt-hours acquired ***or saved*** 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 that the provider is authorized to carry forward from previous compliance years.

Sec. 13. NAC 704.8877 is hereby amended to read as follows:

704.8877 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 ***or save*** 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 ***or save*** from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** 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 ***or saves*** 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. 14. NAC 704.8879 is hereby amended to read as follows:

704.8879 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 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 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 ***or saved*** 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 ***or saved*** 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;

(4) ***Acquired or saved by the provider pursuant to new energy efficiency contracts;***

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

~~[(5)]~~ ***(6)*** Fed back to the provider from net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive; ~~[and~~

~~(6)]~~ ***(7)*** Carried forward by the provider from previous compliance years ~~[.]~~ ***; and***

(8) Saved by the provider as a result of energy efficiency measures installed at service locations of residential customers of the provider for the purposes of paragraph (b) of subsection 2 of NRS 704.7821.

(e) The total number 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 ***or save*** 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 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 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 credits]~~ ***credit*** 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. 15. NAC 704.8881 is hereby amended to read as follows:

704.8881 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 ***or saved*** from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** 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 704.8899, inclusive, ***and sections 2, 4 and 6 of this regulation,*** 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 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 ***or save*** electricity pursuant to renewable energy contracts ***or energy efficiency contracts*** and the overall average cost per kilowatt-hour to generate ***,*** ~~[and]~~ acquire ***and save*** 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 ***or save*** electricity pursuant to renewable energy contracts ***or energy efficiency contracts*** and the overall average cost per kilowatt-hour to generate ***,*** ~~[and]~~ acquire ***and save*** electricity that is incurred by a utility provider designated by the Commission.

Sec. 16. NAC 704.8883 is hereby amended to read as follows:

704.8883 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 energy systems ***or a sufficient amount of energy savings*** 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 ***or a sufficient amount of energy savings*** for the provider to comply with its portfolio standard or did not offer sufficient quantities of electricity pursuant to renewable energy contracts ***or a sufficient amount of energy savings pursuant to energy efficiency contracts*** with just and reasonable terms and conditions;

(b) After the provider contracted for sufficient quantities of electricity pursuant to renewable energy contracts ***or a sufficient amount of energy savings pursuant to energy efficiency contracts*** with just and reasonable terms and conditions, one or more of the ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** 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 efficiency measures;*** 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 energy systems ***or a sufficient amount of energy savings*** 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 energy systems ***or a sufficient amount of energy savings*** 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 ***or efficiency measures*** 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. 17. NAC 704.8885 is hereby amended to read as follows:

704.8885 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, ***and section 7 of this regulation,*** regardless of the term of the contract or the amount of electricity to be acquired ***or saved*** 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, ***as applicable and*** 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 ***or efficiency measure*** that is subject to the contract;

(d) The use of natural resources by each renewable 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 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 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 energy system that is subject to the contract, the total number of renewable 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 energy systems that are actively being constructed by or have been constructed by the owner or operator;

(q) For each renewable 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 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 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 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 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 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. 18. NAC 704.8887 is hereby amended to read as follows:

704.8887 1. For the purposes of this section, each utility provider shall calculate the price for electricity acquired ***or saved*** 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 ***or saved*** 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 ~~[;]~~ ***, and section 7 of this regulation;***

(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 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 ~~[;]~~ ***, and section 7 of this regulation;***

(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 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 ***or save*** 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 ***or saved*** 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 ***or saved*** 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. 19. NAC 704.8888 is hereby amended to read as follows:

704.8888 A utility provider may establish a rebate program to assist and provide an incentive to ~~[residential]~~ customers in the construction ***or installation*** of renewable energy systems ~~[.]~~ ***or efficiency measures.***

Sec. 20. NAC 704.8903 is hereby amended to read as follows:

704.8903 "Administrator" means the person appointed by the Commission to administer the system of ~~[renewable]~~ ***portfolio*** energy credits established pursuant to NRS 704.7821.

Sec. 21. NAC 704.8905 is hereby amended to read as follows:

704.8905 "Designated representative" means the person authorized by the owner of a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** to represent the system before the Commission.

FIRST PARALLEL SECTION

Sec. 22. NAC 704.8913 is hereby amended to read as follows:

704.8913 ~~["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 ~~[.]~~ ***or efficiency measure.***

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]~~ ***9*** of NAC 704.8927.

SECOND PARALLEL SECTION

Sec. 23. NAC 704.8913 is hereby amended to read as follows:

704.8913 ~~["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 ~~[.]~~ ***or efficiency measure.***

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]~~ ***8*** of NAC 704.8927.

Sec. 24. NAC 704.8919 is hereby amended to read as follows:

704.8919 ~~[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. 25. NAC 704.8921 is hereby amended to read as follows:

704.8921 1. A ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** 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 ~~[,]~~ ***or efficiency measure*** 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 ~~[.]~~ ***or efficiency measure.***

(g) The rating of the electrical capacity of the renewable energy system.

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

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

(j) The location and type of metering used by the ~~[renewable]~~ ***portfolio*** energy system ~~[,]~~ ***or efficiency measure,*** including ***either*** the identification of primary metering and secondary metering at multiple sites ~~[.]~~ ***or a measurement and verification plan.***

(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 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 efficiency measure*** or an owner of ~~[renewable]~~ ***portfolio*** energy credits.

(m) A signature page signed by an authorized agent of the ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** which states that the ~~[renewable]~~ ***portfolio*** energy system ***or***

efficiency measure 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. 26. NAC 704.8923 is hereby amended to read as follows:

704.8923 1. Each ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** 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 ***or efficiency measure*** 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 energy and the number of ~~[renewable]~~ ***portfolio*** energy credits purchased from each renewable energy system. The report must be submitted on a form prescribed by the Administrator.

FIRST PARALLEL SECTION

Sec. 27. NAC 704.8927 is hereby amended to read as follows:

704.8927 1. Except as otherwise provided in NAC 704.8893, electricity generated ***or saved*** by a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** which is authorized to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits must be metered and the

~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** shall submit meter readings quarterly to the Commission.

2. Except as otherwise provided in subsections 3 to ~~[10,]~~ ***11,*** inclusive, the Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits to a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** 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 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 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 ***or efficiency measure*** by multiplying the metered number of kilowatt-hours generated and used ***or saved*** by the customer who is served by the customer-maintained ~~[renewable]~~ ***distributed portfolio*** energy system ***or efficiency measure*** by a factor of 1.15.

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 chapter 2, Statutes of Nevada Special Session 2005, 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.***

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 with renewable]~~ ***annually with 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.

~~[9. The renewable]~~

10. The 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 7, inclusive,*** to apply a multiplier in certifying ~~[renewable]~~ ***portfolio*** energy credits for a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** and he determines that more than one multiplier may be applicable to the ~~[renewable]~~ ***portfolio*** energy system ~~[,]~~ ***or efficiency measure,*** 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 ~~["]~~ ***or efficiency measure"*** 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.

SECOND PARALLEL SECTION

Sec. 28. NAC 704.8927 is hereby amended to read as follows:

704.8927 1. Except as otherwise provided in NAC 704.8893, electricity generated ***or saved*** by a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** which is authorized to participate in the system of ~~[renewable]~~ ***portfolio*** energy credits must be metered and the ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** shall submit meter readings quarterly to the Commission.

2. Except as otherwise provided in subsections 3 to ~~[9,]~~ ***10,*** inclusive, the Administrator shall certify ~~[renewable]~~ ***portfolio*** energy credits to a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** 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 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 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 ***or efficiency***

measure 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 ***or efficiency measure*** 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 chapter 2, Statutes of Nevada Special Session 2005, 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. 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 with renewable]~~ ***annually with 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. The renewable]~~

9. The 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 ***and 6*** to apply a multiplier in certifying ~~[renewable]~~ ***portfolio*** energy credits for a ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** and he determines that more than one multiplier may be applicable to the ~~[renewable]~~ ***portfolio*** energy system ~~[,]~~ ***or efficiency measure,*** 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 ~~["]~~ ***or efficiency measure"*** 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. 29. NAC 704.8929 is hereby amended to read as follows:

704.8929 1. Each ~~[quarterly statement of renewable energy credits]~~ ***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 ***or efficiency measure*** 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 ***or saved*** by the ~~[renewable]~~ ***portfolio*** energy system ~~[.]~~ ***or efficiency measure.***

2. Each ~~[quarterly]~~ ***annual*** statement of ~~[renewable]~~ ***portfolio*** energy credits must list by month the metered kilowatt-hours of electricity generated ***or saved*** by the ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** or, if the ~~[renewable]~~ ***portfolio*** energy system ***or efficiency measure*** does not use a meter to measure the kilowatt-hours of electricity generated, the

estimated amount of electricity generated ***or saved*** and the type of ~~[renewable]~~ ***portfolio*** energy credit identified in NAC 704.8927.

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

Sec. 30. NAC 704.8931 is hereby amended to read as follows:

704.8931 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. 31. NAC 704.8933 is hereby amended to read as follows:

704.8933 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. 32. NAC 704.8935 is hereby amended to read as follows:

704.8935 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. 33. NAC 704.8937 is hereby amended to read as follows:

704.8937 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. 34. NAC 704.8939 is hereby amended to read as follows:

704.8939 1. ~~[A]~~ ***Except as otherwise provided in subsection 2, 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 who qualify under the schools category or other public buildings category of the program and an incentive of $3 per watt produced by the solar renewable energy system for those participants who qualify under the private residences and small businesses category of the program;

(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 who qualify under the schools category or other public buildings category of the program and an incentive of $2.50 per watt produced by the solar renewable energy system for those participants who qualify under the private residences and small businesses category of the program; and

(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 who qualify under the schools category or other public buildings category of the program and an incentive of $2 per watt produced by the solar renewable energy system for who qualify under the private residences and small businesses category of the program.

2. ***Nevada Power Company and Sierra Pacific Power Company may jointly petition the Commission to increase the rebate levels to the participants who qualify under the private residences and small businesses category of the program if that category becomes undersubscribed in any program year.***

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]~~ ***9*** 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.

~~[5.]~~ ***6. SolarGenerations or a successor organization which implements the Solar Energy Systems Demonstration Program, 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 must be an aggregation of the individual applications prospective participants in the Solar Energy Systems Demonstration Program have filed with SolarGenerations or a successor organization.***

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

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.

Sec. 35. NAC 704.9005 is hereby amended to read as follows:

704.9005 As used in NAC 704.9005 to 704.9525, inclusive, ***and section 7 of this regulation,*** and when used in a utility's resource plan, unless the context otherwise requires, the words and terms defined in NAC 704.9006 to 704.9173, inclusive, have the meanings ascribed to them in those sections.

Sec. 36. NAC 704.9215 is hereby amended to read as follows:

704.9215 1. A utility's resource plan must be accompanied by a summary that is suitable for distribution to the public. The summary must contain easily interpretable tables, graphs and maps and must not contain any complex explanations or highly technical language. It must be separately bound and approximately 30 pages in length.

2. The summary must include:

(a) A brief introduction, addressed to the public, describing the utility, its facilities and the purpose of the resource plan, and the relationship between the resource plan and the strategic plan of the utility for the duration of the period covered by the resource plan.

(b) The forecast of low growth, the forecast of high growth and the forecast of base growth of the peak demand for electric energy and of the annual electrical consumption, for the next 20 years, commencing with the year following the year in which the resource plan is filed, both with and without the impacts of programs for conservation and demand management and an explanation of the economic and demographic assumptions associated with each forecast.

(c) A summary of the demand side plan listing each program and its effectiveness in terms of costs and showing the 20-year forecast of the reduction of demand and the contribution of each program to this forecast.

(d) A summary of the preferred plan showing each planned addition to the system for the next 20 years, commencing with the year following the year in which the resource plan is filed, with its anticipated capacity, cost and date of beginning service.

(e) A summary of renewable energy showing how the utility intends to comply with the portfolio standard ~~[for renewable energy]~~ and listing each existing contract for renewable energy and each existing contract for the purchase of renewable energy credits and the term and anticipated cost of each such contract.

(f) A summary of:

(1) The energy supply plan for the next 3 years setting out the anticipated cost, price volatility and reliability risks of the energy supply plan;

(2) The risk management strategy;

(3) The fuel procurement plan; and

(4) The purchased power procurement plan.

(g) A summary of the activities, acquisitions and costs included in the action plan of the utility.

(h) An integrated evaluation of the components of the resource plan which relates the preferred plan to the objectives of the strategic plan of the utility, and any other information useful in presenting to the public a comprehensive summary of the utility and its expected development.

Sec. 37. NAC 704.937 is hereby amended to read as follows:

704.937 1. A utility's supply plan must contain a list of options for the supply of capacity and electric energy that includes a description of all existing and planned facilities for generation and transmission, existing and planned power purchases, and other resources available as options to the utility for the future supply of electric energy. The description must include the expected capacity of the facilities and resources for each year of the supply plan.

2. A utility shall identify the criteria it has used for the selection of its options for meeting the expected future demands for electric energy and shall explain how any conflicts among criteria are resolved.

3. In comparing alternative plans containing different resource options, the utility shall calculate the present worth of future requirements for revenue for each alternative plan for the supply of power. A comparison of the present worth of future requirements for revenue for each alternative plan must be presented in the resource plan.

4. The utility shall calculate the present worth of societal costs for each alternative plan for the supply of power. The present worth of societal costs of a particular alternative plan must be determined by adding the environmental costs to the present worth of future requirements for revenue.

5. The utility shall consider for each alternative plan the mitigation of risk by means of:

(a) Flexibility;

(b) Diversity;

(c) Reduced size of commitments;

(d) Choice of projects that can be completed in short periods;

(e) Displacement of fuel;

(f) Reliability;

(g) Selection of fuel and energy supply portfolios; and

(h) Financial instruments or electricity products.

6. The alternative plans of the utility must:

(a) Provide adequate reliability;

(b) Be within regulatory and financial constraints;

(c) Meet the portfolio standard ~~[for renewable energy]~~ and energy from a qualified energy recovery process; and

(d) Meet the requirements for environmental protection.

7. The utility shall identify its preferred plan and fully justify its choice by setting forth the criteria that influenced the utility's choice.

Sec. 38. NAC 704.9489 is hereby amended to read as follows:

704.9489 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 contracts 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 ~~[.]~~ ***; and***

(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. 39. NAC 704.9494 is hereby amended to read as follows:

704.9494 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. 40. NAC 704.9516 is hereby amended to read as follows:

704.9516 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 ~~[.]~~ ***; and***

(g) If the utility seeks an amendment related to a renewable energy contract or energy efficiency contract, the utility shall provide information about the imputed debt mitigation.

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.