

LCB File No. R186-09

**PROPOSED REGULATION OF THE
PUBLIC UTILITIES COMMISSION OF NEVADA**

Docket No. 09-07014

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

AUTHORITY: §§1-24, NRS 701B.590 and 703.025.

A REGULATION relating to energy; providing definitions regarding the Waterpower Energy Systems Demonstration Program; providing for incentives for participants in the Program; providing requirements for the annual plan filed in regard to the Program; providing requirements for accounting for the Program; and providing other matters properly relating thereto.

Section 1. Chapter 701B of NAC as amended by LCB File No. R173-07 is hereby amended by adding thereto the provisions set forth in sections __ through __ of this regulation.

Sec. 2. *“Host Customer” means either the utility customer of record at the location where the generating equipment will be located, or a person who has been designated by the utility customer of record in a letter to the utility explaining the relationship the person who is on the utility service bill and interconnection agreement to the Host Customer. The Host Customer shall be a party to any agreement or contract with the utility regarding the Waterpower Demonstration Program.*

Sec. 3. *“System Owner” is the owner of the generating equipment at the time the incentive is paid. In the case of a third-party-owned system (or leased system, for example), the third party (or lessor) is the System Owner.*

Sec. 4. 1. *For all applications;*

(a) A Reservation Request Form must have signatures of the Applicant, Host Customer and System Owner (if different from the Host Customer). The Reservation Request Form shall be accompanied by a copy of Executed Alternative System Ownership Agreement (if the System Owner is not also the Host Customer).

(b) If an application is found to be incomplete or requires clarification, the utility shall request additional information. Applicants have 20 calendar days to respond to the request with the necessary information. If after 20 calendar days the Applicant has not submitted the requested information, the application will be cancelled. The Applicant is not precluded from resubmitting the project to the utility for an incentive. All resubmitted application packages will be treated as new applications and will be processed in sequence with other new applications. Incentive funds are not reserved until the utility receives all information and documentation required for the Reservation Request and the project is approved.

(c) Once received, the utility will review the application package for completeness and determine eligibility. Once the utility approves the reservation request, the utility will issue a Confirmed Reservation Notice, confirming that a specific incentive amount is reserved for the project. The system must be purchased, installed, and put into operation by the Reservation Expiration Date as listed in the Confirmed Reservation Notice. The Confirmed Reservation Notice will list the specific reservation dollar amount, the approved kW capacity of the project, and the Reservation Expiration Date.

(d) Applicants have 12 months to complete the installation of a waterpower energy system once they have received a Confirmed Reservation Notice from the utility.

(e) After the waterpower energy system is purchased, installed, and put into operation, the Applicant should submit the Incentive Claim Form and the required supporting documentation. The Incentive Claim Form Package must have signatures of the Applicant, the Host Customer and the System Owner (if different from the Host Customer), and should be submitted with any documentation deemed necessary by the Commission.

Sec. 5. 1. *The utility shall offer to a Host Customer an incentive in the form of a rebate. Any retail distribution customer of a participating electric utility may apply for an incentive. The person who applies for the incentive can be a Host Customer, a System Owner, and/or an Applicant. The project site must be located in the service territory of the electric utility.*

2. *The incentive payment levels shall automatically be reduced over the duration of the Waterpower Demonstration Program in a three tiers based on the volume of kW of confirmed*

reservations. The duration of the phase-out of the incentives will be dependent on when the utility reaches its kW goal. The amount of the rebate per kW of capacity and the incentive levels shall be determined by the Commission in the utility's annual plan filing.

3. The utility shall calculate its progress toward meeting the required number of kW of confirmed reservations for a given incentive level using the number of kW proposed for a project in the Application. Projects are included in the calculation of total kW in an incentive level once they are deemed eligible and have been issued a confirmed reservation. When the number of kW allocated through the confirmed reservations reaches its maximum within any particular incentive level, the utility will move to the next level.

4. If there are any kW that remain unused and unaccounted for in any previous incentive levels, due to events such as Applicants dropping out of the process or reducing the size of their systems, those kW will be added to the current level under which the utility is issuing reservations and incentives, thus increasing the number in that level and ensuring that no kW are left outstanding. When kW drop out of the current level, those kW will be returned to the current level. Any reallocation of kW from a higher level to a lower level due to drop outs or system size reductions can take place as long as the reallocation is consistent with how the kW were initially reserved for either residential or non-residential projects.

5. If a Host Customer installs a system that has greater kW capacity than the amount of kW in its confirmed reservation, the Host Customer shall receive the incentive level in its confirmed reservation for only the kW capacity described in the confirmed reservation.

Incentive dollars, if available, may be paid to the Host Customer for the excess kW capacity, not to exceed a total of 200 kW for the entire project, at the current incentive level applicable to new applications.

6. The utility shall provide updates to its website as close as possible to real time and no less than weekly to indicate the total kW's available for incentives at each level, including those kW's newly available due to reallocations.

Sec. 6. 1. Once a Project is completed, Applicants may request payment of the Waterpower Demonstration Program Incentive amount listed on their Incentive Claim Form. A Project is considered completed when it is completely installed, interconnected, permitted, paid for, and capable of producing electricity in the manner and in the amounts for which it was designed.

2. To receive the incentive, all Waterpower Demonstration Program requirements must be met and a complete Incentive Claim Form package submitted prior to the Reservation Expiration Date.

3. If an Incentive Claim Form package is incomplete or is found to require clarification, the utility will request the information necessary to process that application further. Applicants have 20 calendar days to respond to the requested clarification with the necessary information. If after 20 calendar days, the Applicant has not submitted the requested information, the request for payment may be denied. If an Incentive Claim Form package is not received by the expiration date of the Incentive Claim Form, or the Incentive Claim Form package indicates that the Project is otherwise ineligible, the utility will send a written notice stating the reasons why the Project is ineligible and the Project will be rejected. If this is the case, the Applicant or Host Customer may reapply for an incentive reservation but will be subject to the eligibility requirements, incentive levels, and funding available at that time of reapplication.

Sec. 7. The Host Customer or System Owner may withdraw from the Project for any reason by providing written notice of such withdrawal to the utility. The Host Customer will retain sole rights to the Reservation. To preserve the Reservation and corresponding Reservation number, the Host Customer must submit a new Reservation Request Form at the same time written notification of withdrawal from the Project is provided to the utility. If all available funds are reserved for other Projects, the Host Customer cannot increase the originally reserved Incentive amount. If the Host Customer fails to re-submit a Reservation Request Form at the time of Project withdrawal, the Application will be terminated in its entirety by the Program Administrator and any previously reserved incentive funding will be released. In that instance, the Host Customer must apply for a new incentive reservation should the Host Customer still wish to participate in the Program.

Sec. 8. 1. The Host Customer may act as the Applicant and/or System Owner, may designate the Applicant and/or Waterpower Demonstration Contractor to act on their behalf, and may change these parties at any given time with prior written notice to the utility.

2. The Host Customer shall be the incentive reservation holder, shall be a party to any agreement or contract with the utility, and shall retain sole rights to the incentive reservation and corresponding incentive reservation number.

a. If the Host Customer is not the System Owner, then the System Owner shall also be a party to any agreement or contract with the utility.

Sec. 9. Section 8 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 8. ~~["Task Force" has the meaning ascribed to it in NRS 701B.530.]~~

Sec. 10. Section 14 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Section 14. 1. ~~For a program year, a utility shall offer to a participant an incentive in the form of a rebate. For all of the watts up to and including the first 50 kilowatts of installed capacity of a waterpower energy system, the utility shall offer the lesser or:~~

~~(a) The total dollar amount obtained by multiplying \$2.50 by the number of watts calculated pursuant to subsection 2; or~~ *All 500 kW of capacity to be installed by 2012 shall be available to program participants beginning on the date of enactment of this regulation. The incentive award available shall be limited to that applicable to the first 200 kW of installed capacity per project.*

2. The applicant must provide to the utility, within 30 days after applying for participation in the Waterpower Demonstration Program, a computation stamped by an engineer who is a licensed professional engineer in the State of Nevada that provides the estimated hours of operation of the waterpower energy system and the estimated annual kilowatt-hour output of the proposed system.

3. If the incentives for a participant's first program year change between the time his application is approved and the time his waterpower energy system is completed, the participant must

receive for that program year the incentives established at the time that his application was approved.

Sec. 11. Section 15 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 15. Pursuant to NRS 701B.610, a utility shall file with the Commission an annual plan which must include the following:

1. A schedule describing major program milestones;
2. A budget with the following categories:
 - (a) Incentives;
 - (b) Contractor costs;
 - (c) Marketing costs;
 - (d) Training costs; and
 - (e) Utility administrative costs;
3. *A table providing proposed incentive levels for the upcoming program year and all subsequent program years. The calculations and supporting data and justifications for the proposed incentives shall also be provided. The incentives must decline as capacity goals for the Program and goals for each category are met, and must reflect predicted energy savings;*
4. A report on previous program years and the current program year which includes, without limitation, the most up-to-date versions of the following information for each program year:
 - (a) The number of applications filed in each program category;
 - (b) The number of participants enrolled in the Program and the number who have dropped out of the Program;

- (c) The annual budget and expenditures;
- (d) Any remaining financial obligations at the end of a program year;
- (e) A list of completed installations;
- (f) A summary of marketing results;
- (g) A description of training and educational activities; and
- (h) The results of participant surveys;

~~[4]~~5. A description of the application process, including, without limitation:

- (a) The procedures to be followed by the utility and the applicant;
- (b) The criteria for the selection of applicants for the Program, for the selection of applicants for the prioritized waiting list and for the promotion of applicants from the prioritized waiting list to the Program;
- (c) Copies of proposed applications and forms;

1. The Reservation Request Form and Incentive Claim Form provided by the utility shall include a place to designate the System Owner, if known at the time. The utility may require documentation substantiating equipment ownership.

~~(d) [A schedule for the application process with estimated dates for when the utility will forward recommendations for approval by the Task Force; and]~~ *The procedures for a participant to claim the incentive at completion of the project and a copy of the required claim form, which must include, at a minimum, the following data and attachments:*

- 1. Name and address of the participant;*
- 2. Address at which the renewable energy system is located;*
- 3. The technical description of the main components of the system if different from the application;*

- 4. An assignment of the incentive payment, if applicable;*
- 5. Building permit signed off by governing jurisdiction to ensure that the system complies with all local codes;*
- 6. Voltage verification form to ensure that the meter socket is ready for meter set;*
- 7. Invoice for renewable energy system to ensure that a properly licensed contractor performed the required work and that the system equipment is new and has not been previously installed; and*
- 8. Net metering agreement if not previously provided;*

~~[(e) A template for a recommendation document containing the list of applications proposed for approval for the Program and for the prioritized waiting list;~~

~~5]6.~~ The total of all incentives proposed to be paid for the program year;

~~[6]7.~~ A detailed advertising plan;

~~[7]8.~~ An education and training plan;

~~[8]9.~~ An inspection and verification plan for waterpower energy systems which verifies that an applicant or participant meets all applicable requirements;

~~[9]10.~~ A survey for participants which includes, without limitation, questions on:

- (a) The operational effectiveness of the participant's waterpower energy system, including, without limitation, the total kilowatt-hours of electricity generated per program year; and
- (b) Any other information regarding the effectiveness of the Program.

Sec. 12. Section 16 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 20. 1. A waterpower energy system must be located on property within the Nevada service territory of a participating utility.

2. An applicant must prove that his waterpower energy system has never been previously installed at another location.

~~[3. The waterpower energy system must be on property owned by the participant.]~~

Sec. 13. Section 17 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 17. ~~[The master application which a utility must submit to the Task Force must include the following:~~

~~1. The annual plan for the applicable program year, as modified and approved by the Commission;~~

~~2. The completed application for each applicant;~~

~~3. A list of the applications recommended for approval, indicating which are existing applications recommended for promotion from a previous prioritized waiting list and which are new applications;~~

~~4. A prioritized waiting list.]~~

A participant who withdraws or does not complete the installation of his waterpower energy system within 12 months after the date on which the applicant is selected to participate in the program must reapply as a new applicant to be eligible for an incentive. The applicant must meet all program requirements that are in effect at the time of reapplication.

Sec. 14. Section 19 of LCB File No. R173-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 19. 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 9 of NRS 704.110 a revised Waterpower Demonstration Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing *no more than* the total costs in the Waterpower Demonstration Program annual plan by the projected kilowatt-hours for the program year; and

(b) A clearing rate determined by dividing the cumulative balance in the Waterpower Demonstration Program subaccount of FERC Account No. 182.3 at the end of the deferred energy test period as defined in NAC 704.063 by the test period kilowatt-hour sales.

2. The Commission will allow recovery of all prudent Waterpower Demonstration Program costs included in the subaccount of FERC Account 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Waterpower Demonstration Program rate accordingly.