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PROPOSED AMENDMENT TO
ASSEMBLY BILL NO. 429
FIRST REPRINT

PREPARED FOR SENATOR TOWNSEND
APRIL 30, 2003

PREPARED BY THE RESEARCH DIVISION

NOTE: THIS DOCUMENT SHOWS PROPOSED AMENDMENTS IN CONCEPTUAL FORM. THE LANGUAGE AND ITS PLACEMENT IN THE OFFICIAL AMENDMENT MAY DIFFER.

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in this amendment; (3) ~~red strikethrough~~ is deleted language in the original bill; (4) ~~green bold double strikethrough~~ is language proposed to be deleted in this amendment and (5) green bold dashed underlining is deleted language in the original bill that is proposed to be retained in this amendment.

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

- 1 Section 1. Chapter 701 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 and 3 of this act.
3 Sec. 2. *"Net metering system" has the meaning ascribed to it in*
4 *NRS 704.771.*
5 Sec. 3. 1. *The Director shall develop a program to distribute*
6 *money, within the limits of legislative appropriation, in the form of*
7 *grants, incentives or rebates to persons to pay or defray, in whole or in*
8 *part, the costs for those persons to acquire, install or improve net*
9 *metering systems, if the Director determines that the distribution of*
10 *money to a person for that purpose will encourage, promote or stimulate:*
11 (a) *The development or use of sources of renewable energy in the*
12 *State or the development of industries or technologies that use sources of*
13 *renewable energy in the State;*
14 (b) *The conservation of energy in the State, the diversification of the*
15 *types of energy used in the State or any reduction in the dependence of*
16 *the State on foreign sources of energy;*
17 (c) *The protection of the natural resources of the State or the*
18 *improvement of the environment;*

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1 (d) The enhancement of existing utility facilities or any other
2 infrastructure in the State or the development of new utility facilities or
3 any other infrastructure in the State; or

4 (e) The investment of capital or the expansion of business
5 opportunities in the State or any growth in the economy of the State.

6 2. The Director may adopt any regulations that are necessary to
7 carry out the provisions of this section.

8 3. The Director shall not distribute money to any person pursuant to
9 this section unless:

10 (a) The person complies with any requirements that the Director
11 adopts by regulation; and

12 (b) The distribution of the money is consistent with one or more of
13 the public purposes set forth in paragraphs (a) to (e), inclusive, of
14 subsection 1.

15 4. As used in this section, "person" includes, without limitation, any
16 state or local governmental agency or entity.

17 Sec. 4. NRS 701.020 is hereby amended to read as follows:

18 701.020 As used in this chapter, unless the context otherwise
19 requires, the words and terms defined in NRS 701.030 to 701.090,
20 inclusive, and section 2 of this act have the meanings ascribed to them in
21 those sections.

22 Sec. 5. NRS 701.380 is hereby amended to read as follows:

23 701.380 1. The Task Force shall:

24 (a) Advise the Office of Energy in ~~the~~ :

25 (1) The development and periodic review of the comprehensive
26 state energy plan with regard to the use of renewable energy and the use of
27 measures which conserve or reduce the demand for energy or which result
28 in more efficient use of energy.

29 (2) The distribution of money to persons pursuant to section 3 of
30 this act to pay or defray, in whole or in part, the costs for those persons
31 to acquire, install or improve net metering systems.

32 (b) Coordinate its activities and programs with the activities and
33 programs of the Office of Energy, the Consumer's Advocate and the
34 Public Utilities Commission of Nevada and other federal, state and local
35 officers and agencies that promote, fund, administer or operate activities
36 and programs related to the use of renewable energy and the use of
37 measures which conserve or reduce the demand for energy or which result
38 in more efficient use of energy.

39 (c) Spend the money in the Trust Fund for Renewable Energy and
40 Energy Conservation to:

41 (1) Educate persons and entities concerning renewable energy and
42 measures which conserve or reduce the demand for energy or which result
43 in more efficient use of energy.

1 (2) Create incentives for investment in and the use of renewable
2 energy and measures which conserve or reduce the demand for energy or
3 which result in more efficient use of energy.

4 (3) Distribute grants and other money to establish programs and
5 projects which incorporate the use of renewable energy and measures
6 which conserve or reduce the demand for energy or which result in more
7 efficient use of energy.

8 (4) Conduct feasibility studies, including, without limitation, ~~{a~~
9 ~~feasibility study}~~ *any feasibility studies* concerning the establishment *or*
10 *expansion of* ~~{an incentive fund,}~~ *any grants, incentives, rebates* or other
11 programs to enable or assist ~~{residential, small commercial and agricultural~~
12 ~~customers}~~ *persons* to reduce the cost of purchasing on-site generation
13 systems, net metering systems and distributed generation systems that use
14 renewable energy.

15 (d) Take any other actions that the Task Force deems necessary to
16 carry out its duties, including, without limitation, contracting with
17 consultants, if necessary, for the purposes of program design or to assist
18 the Task Force in carrying out its duties.

19 2. The Task Force shall prepare an annual report concerning its
20 activities and programs and submit the report to the Legislative
21 Commission and the Governor on or before January 30 of each year. The
22 annual report must include, without limitation:

23 (a) A description of the objectives of each activity and program;

24 (b) An analysis of the effectiveness and efficiency of each activity and
25 program in meeting the objectives of the activity or program;

26 (c) The amount of money distributed for each activity and program
27 from the Trust Fund for Renewable Energy and Energy Conservation and a
28 detailed description of the use of that money for each activity and program;

29 (d) An analysis of the coordination between the Task Force and other
30 officers and agencies; and

31 (e) Any changes planned for each activity and program.

32 3. As used in this section ~~{:~~

33 ~~—(a) “Distributed”, “distributed generation system” means a facility or~~
34 ~~system for the generation of electricity that is in close proximity to the~~
35 ~~place where the electricity is consumed.~~

36 ~~{(b) “Net metering system” has the meaning ascribed to it in NRS~~
37 ~~704.771.}~~

38 **Sec. 6.** Chapter 704 is hereby amended by adding thereto a new
39 section to read as follows:

40 *For the purpose of complying with a portfolio standard established*
41 *pursuant to NRS 704.7821, a provider shall be deemed to have generated*
42 *or acquired 2.4 kilowatt-hours of electricity from a renewable energy*
43 *system for each 1.0 kilowatt-hour of actual electricity generated or*
44 *acquired from a solar photovoltaic system.*
45

1 **Sec. 7.** NRS 704.771 is hereby amended to read as follows:
2 704.771 "Net metering system" means a facility or energy system for
3 the generation of electricity that:
4 1. Uses renewable energy as its primary source of energy to generate
5 electricity;
6 2. Has a generating capacity of not more than ~~{10}~~ 30 kilowatts;
7 3. Is located on the customer-generator's premises;
8 4. Operates in parallel with the utility's transmission and distribution
9 facilities; and
10 5. Is intended primarily to offset part or all of the customer-
11 generator's requirements for electricity.

12 **Sec. 8.** NRS 704.7801 is hereby amended to read as follows:
13 704.7801 As used in NRS 704.7801 to 704.7828, inclusive, and
14 *section 6 of this act*, unless the context otherwise requires, the words and
15 terms defined in NRS 704.7805 to 704.7818, inclusive, have the meanings
16 ascribed to them in those sections.

17 *Sec. 8.5 NRS 704.7805 is hereby amended to read as follows:*
18 704.7805 "Portfolio standard" means a portfolio standard for
19 renewable energy *and energy from a qualified energy recovery process*
20 established by the commission pursuant to NRS 704.7821.

21 *Sec. 8.6 As used in this chapter, "a qualified energy recovery*
22 *process" means a system with a nameplate capacity not exceeding 15*
23 *megawatts that converts the otherwise lost energy from:*

24 *(a) heat from the exhaust stacks of engines, manufacturing or*
25 *industrial processes; and*

26 *(b) the reduction of high pressure in water and gas pipelines prior to*
27 *the distribution of such fluids*

28 *but which does not utilize additional fossil fuel or require a combustion*
29 *process to generate electricity. "A qualified energy recovery process"*
30 *specifically excludes energy, lost or otherwise, from processes whose*
31 *primary purpose is the generation of electricity, including but not limited*
32 *to, engine-driven generation or pumped hydro-generation.*

33 **Sec. 9.** NRS 704.7811 is hereby amended to read as follows:

34 704.7811 1. "Renewable energy" means:

- 35 (a) Biomass;
36 (b) Geothermal energy;
37 (c) Solar energy; ~~and~~
38 (d) *Waterpower*; and
39 (e) Wind.

40 2. The term does not include coal, natural gas, oil, propane or any
41 other fossil fuel, or nuclear energy.

42 3. *As used in this section, "waterpower" means power derived from*
43 *standing, running or falling water which is used for any plant, facility,*
44 *equipment or system to generate electricity if the generating capacity of*
45 *the plant, facility, equipment or system is not more than 30 megawatts.*

1 Except as otherwise provided in this subsection, the term includes,
2 without limitation, power derived from water that has been pumped from
3 a lower to a higher elevation if the generating capacity of the plant,
4 facility, equipment or system for which the water is used is not more than
5 30 megawatts. The term does not include power:

6 (a) Derived from water stored in a reservoir by a dam or similar
7 device, unless:

8 (1) The water is used exclusively for irrigation;

9 (2) The dam or similar device was in existence on
10 January 1, 2003; and

11 (3) The generating capacity of the plant, facility, equipment or
12 system for which the water is used is not more than 30 megawatts;

13 (b) That requires a new or increased appropriation or diversion of
14 water for its creation; or

15 (c) That requires the use of any fossil fuel for its creation, unless:

16 (1) The primary purpose of the use of the fossil fuel is not the
17 creation of the power; and

18 (2) The generating capacity of the plant, facility, equipment or
19 system for which the water is used is not more than 30 megawatts.

20 Sec. 10. NRS 704.7815 is hereby amended to read as follows:

21 704.7815 "Renewable energy system" means:

22 1. A facility or energy system that:

23 (a) Uses renewable energy or energy from a qualified energy recovery
24 process to generate electricity; and

25 (b) Transmits or distributes the electricity that it generates from
26 renewable energy energy from a qualified energy recovery process via:

27 (1) A power line which is dedicated to the transmission or
28 distribution of electricity generated from renewable energy or energy from
29 a qualified energy recovery process and which is connected to a facility or
30 system owned, operated or controlled by a provider of electric service; or

31 (2) A power line which is shared with not more than one facility or
32 energy system generating electricity from nonrenewable energy and which
33 is connected to a facility or system owned, operated or controlled by a
34 provider of electric service.

35 2. A solar ~~thermal~~ energy system that reduces the consumption of
36 ~~electricity~~ electricity, natural gas or propane.

37 3. A net metering system used by a customer-generator pursuant to
38 NRS 704.766 to 704.775, inclusive.

39 Sec. 11. NRS 704.7821 is hereby amended to read as follows:

40 704.7821 1. For each provider of electric service, the Commission
41 shall establish a portfolio standard for renewable energy and energy from
42 a qualified energy recovery process. The portfolio standard must require

1 each provider to generate or acquire electricity from renewable energy
2 systems in an amount that is:

3 (a) For calendar years 2003 and 2004, not less than 5 percent of the
4 total amount of electricity sold by the provider to its retail customers in
5 this state during that calendar year.

6 (b) For calendar years 2005 and 2006, not less than 7 percent of the
7 total amount of electricity sold by the provider to its retail customers in
8 this state during that calendar year.

9 (c) For calendar years 2007 and 2008, not less than 9 percent of the
10 total amount of electricity sold by the provider to its retail customers in
11 this state during that calendar year.

12 (d) For calendar years 2009 and 2010, not less than 11 percent of the
13 total amount of electricity sold by the provider to its retail customers in
14 this state during that calendar year.

15 (e) For calendar years 2011 and 2012, not less than 13 percent of the
16 total amount of electricity sold by the provider to its retail customers in
17 this state during that calendar year.

18 (f) For calendar year 2013 and for each calendar year thereafter, not
19 less than 15 percent of the total amount of electricity sold by the provider
20 to its retail customers in this state during that calendar year.

21 2. In addition to the requirements set forth in subsection 1, the
22 portfolio standard for each provider must require that:

23 (a) Of the total amount of electricity that the provider is required to
24 generate or acquire from renewable energy systems during each calendar
25 year, not less than 5 percent of that amount must be generated or acquired
26 from solar renewable energy systems.

27 (b) If the provider acquires electricity from a renewable energy system
28 pursuant to a renewable energy contract with another party:

29 (1) The term of the renewable energy contract must be not less than
30 10 years, unless the other party agrees to a renewable energy contract with
31 a shorter term; and

32 (2) The terms and conditions of the renewable energy contract must
33 be just and reasonable, as determined by the Commission. If the provider is
34 a public utility and the Commission approves the terms and conditions of
35 the renewable energy contract between the provider and the other party,
36 the renewable energy contract and its terms and conditions shall be
37 deemed to be a prudent investment and the provider may recover all just
38 and reasonable costs associated with the renewable energy contract.

39 3. If, for the benefit of one or more of its retail customers in this state,
40 the provider has subsidized, in whole or in part, the acquisition or
41 installation of a solar ~~thermal~~ energy system which qualifies as a
42 renewable energy system and which reduces the consumption of
43 electricity, the total reduction in the consumption of electricity during each
44 calendar year that results from the solar ~~thermal~~ energy system shall be
45 deemed to be electricity that the provider generated or acquired from a

1 renewable energy system for the purposes of complying with its portfolio
2 standard.

3 4. The Commission may adopt regulations that establish a system of
4 renewable energy credits that may be used by a provider to comply with its
5 portfolio standard.

6 5. Except as otherwise provided in subsection 6, each provider shall
7 comply with its portfolio standard during each calendar year.

8 6. If, for any calendar year, a provider is unable to comply with its
9 portfolio standard through the generation of electricity from its own
10 renewable energy systems or, if applicable, through the use of renewable
11 energy credits, the provider shall take actions to acquire electricity
12 pursuant to one or more renewable energy contracts. If the Commission
13 determines that, for a calendar year, there is not or will not be a sufficient
14 supply of electricity made available to the provider pursuant to renewable
15 energy contracts with just and reasonable terms and conditions, the
16 Commission shall exempt the provider, for that calendar year, from the
17 remaining requirements of its portfolio standard or from any appropriate
18 portion thereof, as determined by the Commission.

19 7. The Commission shall adopt regulations for the determination of
20 just and reasonable terms and conditions for the renewable energy
21 contracts that a provider of electric service must enter into to comply with
22 its portfolio standard.

23 8. As used in this section:

24 (a) "Renewable energy contract" means a contract to acquire electricity
25 from one or more renewable energy systems owned, operated or controlled
26 by other parties.

27 (b) "Terms and conditions" includes, without limitation, the price that
28 a provider of electric service must pay to acquire electricity pursuant to a
29 renewable energy contract.

30 **Sec. 12.** 1. Not later than 30 days after the effective date of this act,
31 the Public Utilities Commission of Nevada shall transfer the sum of
32 \$250,000 from its reserve account in the Public Utilities Commission
33 Regulatory Fund, created by NRS 703.147, to an account in the State
34 General Fund for use by the Director of the Office of Energy within the
35 Office of the Governor to carry out the provisions of section 3 of this act.

36 2. The Director of the Office of Energy shall use the money
37 transferred pursuant to this section only for the purposes set forth in
38 section 3 of this act.

39 **Sec. 13.** This act becomes effective upon passage and approval.

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