

ASSEMBLY BILL NO. 429—ASSEMBLYMEN HETTRICK, HARDY,
GEDDES, KNECHT, BEERS, BROWN, GOICOECHEA, GRADY,
GRIFFIN, GUSTAVSON, MABEY, MARVEL AND SHERER

MARCH 17, 2003

Referred to Committee on Commerce and Labor

SUMMARY—Makes various changes relating to net metering and
renewable energy. (BDR 58-779)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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

AN ACT relating to energy; making various changes relating to net
metering and renewable energy; authorizing the Director
of the Office of Energy within the Office of the Governor
to develop a program to distribute money in the form of
grants, incentives or rebates to pay or defray the costs for
persons to acquire, install or improve net metering
systems; revising provisions governing the regulation of
net metering; revising the definition of renewable energy
to include waterpower for the purposes of the portfolio
standard for renewable energy for certain providers of
electric service and for net metering and optional pricing;
transferring money from the Public Utilities Commission
Regulatory Fund to the Office of Energy; and providing
other matters properly relating thereto.

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

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

3 **Sec. 2.** *“Net metering system” has the meaning ascribed to it*
4 *in NRS 704.771.*

5 **Sec. 3.** *1. The Director shall develop a program to*
6 *distribute money, within the limits of legislative appropriation, in*



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1 *the form of grants, incentives or rebates to persons to pay or*
2 *defray, in whole or in part, the costs for those persons to acquire,*
3 *install or improve net metering systems, if the Director determines*
4 *that the distribution of money to a person for that purpose will*
5 *encourage, promote or stimulate:*

6 (a) *The development or use of sources of renewable energy in*
7 *the State or the development of industries or technologies that use*
8 *sources of renewable energy in the State;*

9 (b) *The conservation of energy in the State, the diversification*
10 *of the types of energy used in the State or any reduction in the*
11 *dependence of the State on foreign sources of energy;*

12 (c) *The protection of the natural resources of the State or the*
13 *improvement of the environment;*

14 (d) *The enhancement of existing utility facilities or any other*
15 *infrastructure in the State or the development of new utility*
16 *facilities or any other infrastructure in the State; or*

17 (e) *The investment of capital or the expansion of business*
18 *opportunities in the State or any growth in the economy of the*
19 *State.*

20 2. *The Director may adopt any regulations that are necessary*
21 *to carry out the provisions of this section.*

22 3. *The Director shall not distribute money to any person*
23 *pursuant to this section unless:*

24 (a) *The person complies with any requirements that the*
25 *Director adopts by regulation; and*

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

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

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

32 701.020 As used in this chapter, unless the context otherwise
33 requires, the words and terms defined in NRS 701.030 to 701.090,
34 inclusive, *and section 2 of this act* have the meanings ascribed to
35 them in those sections.

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

37 701.380 1. The Task Force shall:

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

39 (1) *The* development and periodic review of the
40 comprehensive state energy plan with regard to the use of renewable
41 energy and the use of measures which conserve or reduce the
42 demand for energy or which result in more efficient use of energy.

43 (2) *The distribution of money to persons pursuant to*
44 *section 3 of this act to pay or defray, in whole or in part, the costs*



1 *for those persons to acquire, install or improve net metering*
2 *systems.*

3 (b) Coordinate its activities and programs with the activities and
4 programs of the Office of Energy, the Consumer's Advocate and the
5 Public Utilities Commission of Nevada and other federal, state and
6 local officers and agencies that promote, fund, administer or operate
7 activities and programs related to the use of renewable energy and
8 the use of measures which conserve or reduce the demand for
9 energy or which result in more efficient use of energy.

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

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

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

18 (3) Distribute grants and other money to establish programs
19 and projects which incorporate the use of renewable energy and
20 measures which conserve or reduce the demand for energy or which
21 result in more efficient use of energy.

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

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

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

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

38 (b) An analysis of the effectiveness and efficiency of each
39 activity and program in meeting the objectives of the activity or
40 program;

41 (c) The amount of money distributed for each activity and
42 program from the Trust Fund for Renewable Energy and Energy
43 Conservation and a detailed description of the use of that money for
44 each activity and program;



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

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

4 3. As used in this section ~~f~~:

5 ~~(a) “Distributed”~~, *“distributed* generation system” means a
6 facility or system for the generation of electricity that is in close
7 proximity to the place where the electricity is consumed.

8 ~~[(b) “Net metering system” has the meaning ascribed to it in~~
9 ~~NRS 704.771.]~~

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

12 *For the purpose of complying with a portfolio standard*
13 *established pursuant to NRS 704.7821, a provider shall be deemed*
14 *to have generated or acquired 2.4 kilowatt-hours of electricity*
15 *from a renewable energy system for each 1.0 kilowatt-hour of*
16 *actual electricity generated or acquired from a solar photovoltaic*
17 *system.*

18 **Sec. 7.** NRS 704.771 is hereby amended to read as follows:

19 704.771 “Net metering system” means a facility or energy
20 system for the generation of electricity that:

21 1. Uses renewable energy as its primary source of energy to
22 generate electricity;

23 2. Has a generating capacity of not more than ~~10~~ 30
24 kilowatts;

25 3. Is located on the customer-generator’s premises;

26 4. Operates in parallel with the utility’s transmission and
27 distribution facilities; and

28 5. Is intended primarily to offset part or all of the customer-
29 generator’s requirements for electricity.

30 **Sec. 8.** NRS 704.7801 is hereby amended to read as follows:

31 704.7801 As used in NRS 704.7801 to 704.7828, inclusive,
32 *and section 6 of this act*, unless the context otherwise requires, the
33 words and terms defined in NRS 704.7805 to 704.7818, inclusive,
34 have the meanings ascribed to them in those sections.

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

36 704.7811 1. “Renewable energy” means:

37 (a) Biomass;

38 (b) Geothermal energy;

39 (c) Solar energy; ~~and~~

40 (d) *Waterpower; and*

41 (e) Wind.

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

44 3. *As used in this section, “waterpower” means power derived*
45 *from standing, running or falling water which is used for any*



1 *plant, facility, equipment or system to generate electricity if the*
2 *generating capacity of the plant, facility, equipment or system is*
3 *not more than 30 megawatts. Except as otherwise provided in this*
4 *subsection, the term includes, without limitation, power derived*
5 *from water that has been pumped from a lower to a higher*
6 *elevation if the generating capacity of the plant, facility,*
7 *equipment or system for which the water is used is not more than*
8 *30 megawatts. The term does not include power:*

9 (a) *Derived from water stored in a reservoir by a dam or*
10 *similar device, unless:*

11 (1) *The water is used exclusively for irrigation;*

12 (2) *The dam or similar device was in existence on*
13 *January 1, 2003; and*

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

17 (b) *That requires a new or increased appropriation or*
18 *diversion of water for its creation; or*

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

21 (1) *The primary purpose of the use of the fossil fuel is not*
22 *the creation of the power; and*

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

26 **Sec. 10.** NRS 704.7815 is hereby amended to read as follows:
27 704.7815 "Renewable energy system" means:

28 1. A facility or energy system that:

29 (a) Uses renewable energy to generate electricity; and

30 (b) Transmits or distributes the electricity that it generates from
31 renewable energy via:

32 (1) A power line which is dedicated to the transmission or
33 distribution of electricity generated from renewable energy and
34 which is connected to a facility or system owned, operated or
35 controlled by a provider of electric service; or

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

40 2. A solar ~~thermal~~ energy system that reduces the
41 consumption of ~~electricity~~ *electricity, natural gas or propane.*

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



1 **Sec. 11.** NRS 704.7821 is hereby amended to read as follows:
2 704.7821 1. For each provider of electric service, the
3 Commission shall establish a portfolio standard for renewable
4 energy. The portfolio standard must require each provider to
5 generate or acquire electricity from renewable energy systems in an
6 amount that is:

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

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

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

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

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

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

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

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

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

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

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

44 3. If, for the benefit of one or more of its retail customers in
45 this state, the provider has subsidized, in whole or in part, the



1 acquisition or installation of a solar ~~thermal~~ energy system which
2 qualifies as a renewable energy system and which reduces the
3 consumption of electricity, the total reduction in the consumption of
4 electricity during each calendar year that results from the solar
5 ~~thermal~~ energy system shall be deemed to be electricity that the
6 provider generated or acquired from a renewable energy system for
7 the purposes of complying with its portfolio standard.

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

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

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

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

29 8. As used in this section:

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

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

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

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



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

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