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Assembly Bill No. 3—Committee of the Whole

CHAPTER.....

AN ACT relating to energy; making various changes to encourage energy efficiency in construction and renovation; providing for a partial abatement of certain taxes for certain energy efficient buildings and green buildings; requiring the University and Community College System of Nevada to provide instruction in certain areas related to green buildings; providing for the licensure of certain persons engaged in photovoltaic system projects; requiring the Director of the Office of Energy to adopt certain regulations, plans and guidelines regarding building standards and energy efficiency; requiring the State to reduce its grid-based purchases for state-owned buildings; increasing the number of members of the Task Force for Renewable Energy and Energy Conservation; revising provisions relating to the universal energy charge and the Fund for Energy Assistance and Conservation; revising provisions governing the portfolio standard for renewable energy and energy from a qualified energy recovery process; allowing a provider of electric service to receive credits under the portfolio standard for certain energy efficiency measures; authorizing the Public Utilities Commission of Nevada to establish a temporary renewable energy development program for certain purposes; enacting provisions concerning the financial impact of certain long-term contracts required by the portfolio standard; revising the Solar Energy Systems Demonstration Program Act; transferring certain funds to the Trust Fund for Renewable Energy and Energy Conservation; providing penalties; and providing other matters properly relating thereto.

WHEREAS, The construction and operation of the buildings in which we live, work and play require enormous amounts of energy, water and materials and create large amounts of waste, and the location of and how these buildings are built not only affect the ecosystem around us, but the buildings themselves create new indoor environments that present new environmental problems and challenges; and

WHEREAS, With the threat of rising energy costs, increases in population and numerous environmental concerns, the State of Nevada is already developing and encouraging the use of alternative energy from geothermal, wind and solar resources, and the State should also consider the possibility of encouraging “greener” building requirements; and

WHEREAS, Green building is a field that uses environmentally sustainable materials to construct buildings that conserve resources and provide a healthy living and working space; and

WHEREAS, The many elements of green building include energy efficiency and the use of renewable energy, water efficiency, the use of building materials that have a minimal effect on the environment, reduction of waste, and the design and operation of buildings that are healthy for the occupants of such buildings; and

WHEREAS, The Nevada Legislature encourages a sound financial economy, the reduction of usage and demand of fossil fuels, and a reduction of harmful emissions; and

WHEREAS, The Nevada Legislature encourages the construction, rehabilitation and maintenance of buildings in this State in such a manner as to promote better environmental standards, improve energy efficiency and increase generation of energy through renewable and clean-energy technologies, and to improve the health and productivity of building occupants by meeting advanced criteria for indoor environmental quality; now, therefore,

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

**Section 1.** (Deleted by amendment.)

**Sec. 2.** Chapter 278 of NRS is hereby amended by adding thereto a new section to read as follows:

*If a governing body establishes a committee or task force on sustainable energy, the committee or task force shall consider:*

- 1. Standards for the efficient use of water;*
- 2. Standards for the efficient use of energy, including, without limitation, the use of sources of renewable energy;*
- 3. Performance guidelines for new, remodeled and renovated buildings; and*
- 4. Performance guidelines for retrofit projects,*  
*↳ including, without limitation, energy consumption, use of potable water, use of water for landscaping purposes and solid waste disposal.*

**Sec. 3.** Chapter 338 of NRS is hereby amended by adding thereto a new section to read as follows:

- 1. Except as otherwise provided in subsection 2, each occupied public building whose construction will be sponsored or financed by this State must, when completed, meet the requirements to be certified at or meet the equivalent of the base level or higher in accordance with the Leadership in Energy and Environmental Design Green Building Rating System, or an equivalent standard, as adopted by the Director of the Office of Energy pursuant to section 11 of this act.*

2. *During each biennium, at least two occupied public buildings whose construction will be sponsored or financed by this State must be designated as demonstration projects and must, when completed, meet the requirements to be certified at or meet the equivalent of the silver level or higher in accordance with the Leadership in Energy and Environmental Design Green Building Rating System, or an equivalent standard, as adopted by the Director of the Office of Energy pursuant to section 11 of this act if:*

*(a) The Director of the Office of Energy, in consultation with the State Board of Examiners and the State Public Works Board, has determined that it is feasible for the buildings to meet such requirements and standards and that it is a cost-effective investment to do so; and*

*(b) The agency or agencies that will occupy the buildings have agreed to allow the buildings to be designated as demonstration projects pursuant to this subsection.*

3. *Each occupied public building whose construction is sponsored or financed by a local government may meet the requirements to be certified at or meet the equivalent of the base level or higher in accordance with the Leadership in Energy and Environmental Design Green Building Rating System, or an equivalent standard, as adopted by the Director of the Office of Energy pursuant to section 11 of this act.*

4. *As used in this section, "occupied public building" means a public building used primarily as an office space or work area for persons employed by this State or a local government. The term does not include a public building used primarily as a storage facility or warehouse or for similar purposes.*

**Sec. 4.** (Deleted by amendment.)

**Sec. 5.** NRS 338.190 is hereby amended to read as follows:

338.190 1. Before it begins to construct or renovate any *occupied* public building which is larger than 20,000 square feet, each agency of the State or a political subdivision, district, authority, board or public corporation of the State shall obtain a detailed analysis of the cost of operating and maintaining the building for its expected useful life.

2. The analysis must ~~identify the~~ :

*(a) Estimate the cost to construct or renovate the occupied public building and the cost to operate and maintain the building; and*

*(b) Identify measures, including, without limitation, for ~~the~~ ~~(a)~~ the:*

*(1) Conservation of water;*

*(2) Conservation of energy ~~and~~*

~~—(b)~~ *and energy efficiency that will generate cost savings within 10 years that are equal to or greater than the cost of implementation; and*

(3) Use of types of energy which are alternatives to fossil fuels, such as active and passive applications of solar energy, wind and geothermal energy,

↳ which can be included in the building in its construction or renovation.

3. The agency of government which proposes to ~~[build]~~ *construct* or renovate ~~[a]~~ *the occupied public* building must consider the results of the analysis required by this section in deciding upon the type of construction *or renovation* and the components and systems which will be included in the building. *The agency of government shall consider the use of types of energy which are alternatives to fossil fuels and any other energy conservation measures identified in the analysis into the design of the building if it is determined to be in the best interest of the State.*

4. ~~[This section applies to any public building or renovation of a public building, the designing of which begins on or after July 1, 1981.]~~ *The agency of government may select, through the bidding process, a contractor to conduct the analysis required pursuant to this section. If a contractor is selected to conduct the analysis, any contract for the purchase, lease or rental of cost-saving measures must provide that all payments, other than any obligations that become due if the contract is terminated before the contract expires, be made from the cost savings.*

5. *As used in this section, “occupied public building” means a public building used primarily as an office space or work area for persons employed by an agency of the State or a political subdivision, district, authority, board or public corporation of the State. The term does not include a public building used primarily as a storage facility or warehouse or for similar purposes.*

**Sec. 6.** Chapter 361 of NRS is hereby amended by adding thereto a new section to read as follows:

1. *The Commission on Economic Development shall grant a partial abatement from the tax imposed on real property by this chapter for property which has a building or other structure that is certified at or meets the equivalent of the silver level or higher by a person authorized to grant such certification in accordance with the Leadership in Energy and Environmental Design Green Building Rating System or its equivalent, as adopted by the Director of the Office of Energy pursuant to section 11 of this act.*

2. *The partial abatement must be for a duration of not more than 10 years and must not exceed 50 percent of the taxes on real property payable each year pursuant to this chapter.*

***3. The Commission on Economic Development shall establish by regulation the qualifications and methods to determine eligibility for the abatement.***

***4. The Commission on Economic Development shall immediately forward a certificate of eligibility for the abatement to:***

- (a) The Department of Taxation;***
- (b) The Nevada Tax Commission;***
- (c) The county treasurer; and***
- (d) The county assessor.***

**Sec. 7.** NRS 374.307 is hereby amended to read as follows:

374.307 1. There are exempted from the taxes imposed by this chapter the gross receipts from the sale of, and the storage, use or other consumption in this State of, any:

(a) Product or system designed or adapted to use renewable energy to generate electricity and all of its integral components.

(b) Solar thermal energy system that reduces the consumption of electricity or any fossil fuel, and all of its integral components.

(c) Solar lighting system that reduces the consumption of electricity or any fossil fuel, and all of its integral components.

***(d) Products or materials used in the construction of a building if the building is certified or will, when complete, meet the requirements to be certified at or meet the equivalent of the silver level or higher in accordance with the Leadership in Energy and Environmental Design Green Building Rating System.***

2. As used in this section:

(a) "Biomass" means any organic matter that is available on a renewable basis, including, without limitation:

- (1) Agricultural crops and agricultural wastes and residues;
- (2) Wood and wood wastes and residues;
- (3) Animal wastes;
- (4) Municipal wastes; and
- (5) Aquatic plants.

(b) "Fuel cell" means a device or contrivance that, through the chemical process of combining ions of hydrogen and oxygen, produces electricity and water.

***(c) "Leadership in Energy and Environmental Design Green Building Rating System" means the system of rating buildings adopted by the Director of the Office of Energy pursuant to section 11 of this act.***

(d) "Renewable energy" means a source of energy that occurs naturally or is regenerated naturally, including, without limitation:

- (1) Biomass;
- (2) Fuel cells;
- (3) Geothermal energy;
- (4) Solar energy;

- (5) Waterpower; and
- (6) Wind.

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

~~(d)~~ (e) “Solar lighting system” means a system of related components that:

- (1) Uses solar energy to provide indoor lighting; and
- (2) Is designed to work as an integral package such that the system is not complete without one of its related components.

~~(e)~~ (f) “Solar thermal energy system” means a system of related components that:

- (1) Uses solar radiation to heat water; and
- (2) Is designed to work as an integral package such that the system is not complete without one of its related components.

~~(f)~~ (g) “System designed or adapted to use renewable energy to generate electricity” means a system of related components:

- (1) From which at least 75 percent of the electricity generated is produced from one or more sources of renewable energy; and
- (2) That is designed to work as an integral package such that the system is not complete without one of its related components.

**Sec. 8.** Chapter 396 of NRS is hereby amended by adding thereto a new section to read as follows:

*Instruction within the System must be given in the essentials of green building construction and design to assist students in preparing for the Leadership in Energy and Environmental Design Professional Accreditation Exam or its equivalent.*

**Sec. 8.1.** Chapter 618 of NRS is hereby amended by adding thereto the provisions set forth as sections 8.15 to 8.8, inclusive, of this act.

**Sec. 8.15.** *As used in sections 8.15 to 8.8, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 8.2, 8.25 and 8.3 of this act have the meanings ascribed to them in those sections.*

**Sec. 8.2.** *“Photovoltaic installer” means a person directly engaged with the electrical connection and wiring of a photovoltaic system project in a capacity other than as an inspector, management planner, consultant, project designer, contractor or supervisor for the photovoltaic system project.*

**Sec. 8.25.** *“Photovoltaic system” means a facility or energy system for the generation of electricity that uses photovoltaic cells and solar energy to generate electricity.*

**Sec. 8.3. 1.** *“Photovoltaic system project” means a project related to:*

- (a) *The installation of a photovoltaic system; or*
- (b) *The maintenance of a photovoltaic system.*

2. *The term does not include the installation or maintenance of a photovoltaic system before January 1, 2007.*

**Sec. 8.35.** *The Division may adopt such regulations as are necessary to carry out the provisions of sections 8.15 to 8.8, inclusive, of this act.*

**Sec. 8.4.** *The Division shall issue a license to each qualified applicant for licensure as a photovoltaic installer.*

**Sec. 8.45.** *A person applying for a license as a photovoltaic installer must:*

1. *Submit an application on a form prescribed and furnished by the Division;*

2. *Pay all required fees established by the Division by regulation;*

3. *Pass an examination approved or administered by the Division for licensure as a photovoltaic installer;*

4. *If the person is a contractor, provide proof to the Division that the person has been issued a license of the appropriate classification by the State Contractors' Board pursuant to chapter 624 of NRS; and*

5. *Meet any additional requirements established by the Division.*

**Sec. 8.5.** 1. *A license as a photovoltaic installer expires 1 year after the date on which the license is issued. To renew a license as a photovoltaic installer, a person must, on or before the date on which the license expires:*

(a) *Apply to the Division for renewal;*

(b) *Pay the annual fee for renewal established by the Division by regulation; and*

(c) *Submit evidence satisfactory to the Division that the person has completed the requirements for continuing education or training established by the Division, if any.*

2. *The Division may adopt regulations establishing requirements for continuing education or training that a person must complete in order for the person to renew a license as a photovoltaic installer.*

**Sec. 8.55.** 1. *In addition to any other requirements set forth in sections 8.15 to 8.8, inclusive, of this act, an applicant for the issuance or renewal of a license as a photovoltaic installer shall submit to the Division:*

(a) *The statement prescribed by the Welfare Division of the Department of Human Resources pursuant to NRS 425.520. The statement must be completed and signed by the applicant.*

(b) *The social security number of the applicant.*

2. *The Division shall include the statement required pursuant to subsection 1 in:*

(a) *The application or any other forms that must be submitted for the issuance or renewal of a license; or*

(b) *A separate form prescribed by the Division.*

3. *A license as a photovoltaic installer may not be issued or renewed by the Division if the applicant:*

(a) *Fails to submit the statement required pursuant to subsection 1; or*

(b) *Indicates on the statement submitted pursuant to subsection 1 that he is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order.*

4. *If an applicant indicates on the statement submitted pursuant to subsection 1 that he is subject to a court order for the support of a child and is not in compliance with the order or a plan approved by the district attorney or other public agency enforcing the order for the repayment of the amount owed pursuant to the order, the Division shall advise the applicant to contact the district attorney or other public agency enforcing the order to determine the actions that the applicant may take to satisfy the arrearage.*

**Sec. 8.6.** 1. *If the Division receives a copy of a court order issued pursuant to NRS 425.540 that provides for the suspension of all professional, occupational and recreational licenses, certificates and permits issued to a person who is the holder of a license as a photovoltaic installer, the Division shall deem the license issued to that person to be suspended at the end of the 30th day after the date on which the court order was issued, unless the Division receives a letter issued to the holder of the certificate by the district attorney or other public agency pursuant to NRS 425.550 stating that the holder of the license has complied with the subpoena or warrant, or has satisfied the arrearage pursuant to NRS 425.560.*

2. *The Division shall reinstate a license that has been suspended by a district court pursuant to NRS 425.540 if the Division receives a letter issued by the district attorney or other public agency pursuant to NRS 425.550 to the person whose license was suspended stating that the person whose license was suspended has complied with the subpoena or warrant or has satisfied the arrearage pursuant to NRS 425.560.*

**Sec. 8.65.** 1. *In addition to any other remedy or penalty, if the Division finds that a person has violated any provision of sections 8.15 to 8.8, inclusive, of this act, or the standards or regulations adopted pursuant thereto, the Division may:*

(a) *Upon the first violation, impose upon the person an administrative fine of not more than \$1,500.*

*(b) Upon the second violation or a subsequent violation:*

*(1) Impose upon the person an administrative fine of not more than \$2,500; and*

*(2) If the person is licensed pursuant to sections 8.15 to 8.8, inclusive, of this act, suspend or revoke his license and require the person to fulfill certain training or educational requirements to have his license reinstated.*

*2. Any penalty imposed pursuant to subsection 1 does not relieve the person from criminal prosecution for acting as a photovoltaic installer without a license.*

*3. If the license of a photovoltaic installer is suspended or revoked pursuant to subsection 1 and the owner of a building or structure who has contracted with the photovoltaic installer for a photovoltaic system project contracts with another licensed photovoltaic installer to complete the project, the original photovoltaic installer may not bring an action against the owner of the building or structure for breach of contract or damages based on the contract with the other licensed photovoltaic installer.*

**Sec. 8.7.** *1. If the Division intends to suspend or revoke a person's license, the Division shall first notify the person by certified mail. The notice must contain a statement of the Division's legal authority, jurisdiction and reasons for the proposed action.*

*2. A person is entitled to a hearing to contest the proposed suspension or revocation of his license. A request for such a hearing must be made pursuant to regulations adopted by the Division.*

*3. Upon receiving a request for a hearing to contest a proposed suspension or revocation, the Division shall hold a hearing within 10 days after the date of the receipt of the request.*

**Sec. 8.75.** *The Division may maintain in a court of competent jurisdiction a suit for an injunction against any person who acts as a photovoltaic installer in violation of any provision of sections 8.15 to 8.8, inclusive, of this act, or the standards or regulations adopted pursuant thereto. An injunction:*

*1. May be issued without proof of actual damage sustained by any person.*

*2. Does not relieve the person from criminal liability for acting as a photovoltaic installer without a license.*

**Sec. 8.8.** *1. Except as otherwise provided in subsection 2, a person shall not:*

*(a) Act as a photovoltaic installer for a photovoltaic system project unless the person holds a license as a photovoltaic installer issued by the Division; or*

*(b) Employ or contract with another person to act as a photovoltaic installer for a photovoltaic system project unless the*

*other person holds a license as a photovoltaic installer issued by the Division.*

*2. A person is not required to obtain a license from the Division to install or maintain a photovoltaic system project on property that the person owns and occupies as a residence.*

*3. A person who violates any provision of this section is guilty of a misdemeanor.*

**Sec. 9.** Chapter 701 of NRS is hereby amended by adding thereto the provisions set forth as sections 10, 11 and 12 of this act.

**Sec. 10.** (Deleted by amendment.)

**Sec. 11.** *1. The Director, in consultation with the State Public Works Board and any other interested agency, shall:*

*(a) In cooperation with representatives of the building and development industry, adopt guidelines establishing Green Building Standards for all occupied public buildings whose construction will be sponsored or financed by this State or a local government.*

*(b) Adopt a Green Building Rating System, such as the Leadership in Energy and Environmental Design Green Building Rating System or its equivalent, pursuant to subsections 4 and 5. With regard to buildings or structures that are not public buildings or structures, the Green Building Rating System adopted by the Director is to be used only for the purposes of determining eligibility for tax abatements or tax exemptions that are authorized by law to use the Green Building Rating System.*

*2. Guidelines adopted pursuant to paragraph (a) of subsection 1 must include, without limitation, suggested:*

*(a) Requirements for the use of resource-efficient materials for the construction and maintenance of the building;*

*(b) Standards for indoor environmental quality;*

*(c) Standards for the efficient use of water, including the efficient use of water for landscaping purposes;*

*(d) Standards for the efficient use of energy; and*

*(e) Requirements for the design and preparation of building lots.*

*3. If standards equivalent to the Leadership in Energy and Environmental Design Green Building Rating System are adopted, the standards adopted must provide reasonable exceptions based on the size, location and use of the building.*

*4. Subject to the provisions of subsection 5, the Director shall establish a process for adopting a Green Building Rating System, such as the Leadership in Energy and Environmental Design Green Building Rating System or its equivalent. The process must include, without limitation:*

*(a) The gathering and development of scientific data;*

*(b) Comments from representatives of the building industry;*

- (c) *Consensus from representatives of the building industry;*
- (d) *A method by which the Director, the State Public Works Board and other interested agencies may cast ballots on the proposed standards;*
- (e) *A pilot program for the purpose of refining the standards; and*
- (f) *A process by which an aggrieved person may file an appeal of the standards adopted.*

5. *In adopting a Green Building Rating System pursuant to subsection 4, the Director is not required to adopt and is not limited to using the Leadership in Energy and Environmental Design Green Building Rating System but may adopt an equivalent rating system based on any other nationally recognized standards for green buildings, or any combination of those standards.*

**Sec. 12.** *The Director shall prepare a state energy reduction plan which requires state agencies, departments and other entities in the Executive Branch to reduce grid-based energy purchases for state-owned buildings by 20 percent by 2015.*

**Sec. 13.** NRS 701.220 is hereby amended to read as follows:

701.220 1. The Director shall adopt regulations for the conservation of energy in buildings, including manufactured homes . ~~[, which]~~ *Such regulations must include the adoption of the most recent version of the International Energy Conservation Code, issued by the International Code Council, and any amendments to the Code that will not materially lessen the effective energy savings requirements of the Code and are deemed necessary to support effective compliance and enforcement of the Code, and must establish the minimum standards for:*

- (a) The construction of floors, walls, ceilings and roofs;
  - (b) The equipment and systems for heating, ventilation and air-conditioning;
  - (c) Electrical equipment and systems;
  - (d) Insulation; and
  - (e) Other factors which affect the use of energy in a building.
- ↳ *The regulations must provide for the adoption of the most recent version of the International Energy Conservation Code, and any amendments thereto, every third year.*

2. The Director may exempt a building from a standard if he determines that application of the standard to the building would not accomplish the purpose of the regulations.

3. The regulations must authorize allowances in design and construction for sources of renewable energy used to supply all or a part of the energy required in a building.

4. The standards adopted by the Director are the minimum standards for the conservation of energy *and energy efficiency*

which apply only to areas in which the governing body of the local government has not adopted standards for the conservation of energy *and energy efficiency* in buildings. Such governing bodies shall assist the Director in the enforcement of the regulations adopted pursuant to this section.

5. The Director shall solicit comments regarding the adoption of regulations pursuant to this section from:

- (a) Persons in the business of constructing and selling homes;
- (b) Contractors;
- (c) Public utilities;
- (d) Local building officials; and
- (e) The general public,

↳ before adopting any regulations. The Director must conduct at least three hearings in different locations in the State, after giving 30 days' notice of each hearing, before he may adopt any regulations pursuant to this section.

**Sec. 14.** NRS 701.350 is hereby amended to read as follows:

701.350 1. The Task Force for Renewable Energy and Energy Conservation is hereby created. The Task Force consists of ~~10~~ **11** members who are appointed as follows:

(a) Two members appointed by the Majority Leader of the Senate, one of whom represents the interests of the renewable energy industry in this State with respect to biomass and the other of whom represents the interests of the mining industry in this State.

(b) Two members appointed by the Speaker of the Assembly, one of whom represents the interests of the renewable energy industry in this State with respect to geothermal energy and the other of whom represents the interests of a nonprofit organization dedicated to the protection of the environment or to the conservation of energy or the efficient use of energy.

(c) One member appointed by the Minority Leader of the Senate to represent the interests of the renewable energy industry in this State with respect to solar energy.

(d) One member appointed by the Minority Leader of the Assembly to represent the interests of the public utilities in this State.

(e) Two members appointed by the Governor, one of whom represents the interests of the renewable energy industry in this State with respect to wind and the other of whom represents the interests of the gaming industry in this State.

(f) One member appointed by the Consumer's Advocate to represent the interests of the consumers in this State.

(g) One member appointed by the governing board of the State of Nevada AFL-CIO or, if the State of Nevada AFL-CIO ceases to exist, by its successor organization or, if there is no successor organization, by the Governor.

*(h) One member appointed by the Governor to represent the interests of energy conservation and the efficient use of energy in this State.*

2. A member of the Task Force:

(a) Must be a citizen of the United States and a resident of this State.

(b) Must have training, education, experience or knowledge concerning:

(1) The development or use of renewable energy;

(2) Financing, planning or constructing renewable energy generation projects;

(3) Measures which conserve or reduce the demand for energy or which result in more efficient use of energy;

(4) Weatherization;

(5) Building and energy codes and standards;

(6) Grants or incentives concerning energy;

(7) Public education or community relations; or

(8) Any other matter within the duties of the Task Force.

(c) Must not be an officer or employee of the Legislative or Judicial Department of State Government.

3. After the initial terms, the term of each member of the Task Force is 3 years. A vacancy on the Task Force must be filled for the remainder of the unexpired term in the same manner as the original appointment. A member may be reappointed to the Task Force.

4. A member of the Task Force who is an officer or employee of this State or a political subdivision of this State must be relieved from his duties without loss of his regular compensation so that he may prepare for and attend meetings of the Task Force and perform any work that is necessary to carry out the duties of the Task Force in the most timely manner practicable. A state agency or political subdivision of this State shall not require an officer or employee who is a member of the Task Force to:

(a) Make up the time he is absent from work to carry out his duties as a member of the Task Force; or

(b) Take annual leave or compensatory time for the absence.

**Sec. 15.** NRS 702.260 is hereby amended to read as follows:

702.260 1. Seventy-five percent of the money in the Fund must be distributed to the Welfare Division for programs to assist eligible households in paying for natural gas and electricity. The Welfare Division may use not more than ~~3~~ 5 percent of the money distributed to it pursuant to this section for its administrative expenses.

2. Except as otherwise provided in NRS 702.150, after deduction for its administrative expenses, the Welfare Division may use the money distributed to it pursuant to this section only to:

(a) Assist eligible households in paying for natural gas and electricity.

(b) Carry out activities related to consumer outreach.

(c) Pay for program design.

(d) Pay for the annual evaluations conducted pursuant to NRS 702.280.

3. Except as otherwise provided in subsection 4, to be eligible to receive assistance from the Welfare Division pursuant to this section, a household must have a household income that is not more than 150 percent of the federally designated level signifying poverty, as determined by the Welfare Division.

4. The Welfare Division is authorized to render emergency assistance to a household if an emergency related to the cost or availability of natural gas or electricity threatens the health or safety of one or more of the members of the household. Such emergency assistance may be rendered upon the good faith belief that the household is otherwise eligible to receive assistance pursuant to this section.

5. Before July 1, 2002, if a household is eligible to receive assistance pursuant to this section, the Welfare Division shall determine the amount of assistance that the household will receive by using the existing formulas set forth in the state plan for low-income home energy assistance.

6. On or after July 1, 2002, if a household is eligible to receive assistance pursuant to this section, the Welfare Division:

(a) Shall, to the extent practicable, determine the amount of assistance that the household will receive by determining the amount of assistance that is sufficient to reduce the percentage of the household's income that is spent on natural gas and electricity to the median percentage of household income spent on natural gas and electricity statewide.

(b) May adjust the amount of assistance that the household will receive based upon such factors as:

(1) The income of the household;

(2) The size of the household;

(3) The type of energy that the household uses; and

(4) Any other factor which, in the determination of the Welfare Division, may make the household particularly vulnerable to increases in the cost of natural gas or electricity.

7. The Welfare Division shall adopt regulations to carry out and enforce the provisions of this section and NRS 702.250.

8. In carrying out the provisions of this section, the Welfare Division shall:

(a) Solicit advice from the Housing Division and from other knowledgeable persons;

(b) Identify and implement appropriate delivery systems to distribute money from the Fund and to provide other assistance pursuant to this section;

(c) Coordinate with other federal, state and local agencies that provide energy assistance or conservation services to low-income persons and, to the extent allowed by federal law and to the extent practicable, use the same simplified application forms as those other agencies;

(d) Establish a process for evaluating the programs conducted pursuant to this section;

(e) Develop a process for making changes to such programs; and

(f) Engage in annual planning and evaluation processes with the Housing Division as required by NRS 702.280.

**Sec. 16.** For the purposes of NRS 704.7801 to 704.7828, inclusive, as amended by the provisions of this act, the Legislature hereby finds and declares that:

1. It is the policy of this State to encourage and accelerate the development of new renewable energy projects and to create successful markets for electricity generated by those projects using the abundant and diverse renewable energy resources available in Nevada;

2. In recent sessions, the Legislature has enacted legislation establishing a portfolio standard for renewable energy and energy from a qualified energy recovery process to promote the development and use of renewable energy resources by providers of electric service;

3. To carry out the policy of this State regarding renewable energy resources, the Public Utilities Commission of Nevada has adopted regulations establishing a temporary renewable energy development program that is designed to assist with the completion of new renewable energy projects;

4. By enacting the provisions of this act relating to the portfolio standard and new renewable energy projects, it is the intent of the Legislature to facilitate the temporary renewable energy development program and to support the efforts of the Public Utilities Commission of Nevada to carry out the policy of this State regarding renewable energy resources;

5. It is the policy of this State to promote the conservation of energy through the use of energy efficiency measures in residences, schools, public buildings and businesses, especially during periods of peak load for providers of electric service;

6. By enacting the provisions of this act relating to energy efficiency measures, it is the intent of the Legislature to incorporate energy efficiency measures into the portfolio standard and to create successful markets for energy efficiency measures so that those measures will be used in residences, schools, public buildings and

businesses to reduce the demand for electricity, especially during periods of peak load;

7. As set forth in NRS 704.001, it is the policy of this State to balance the interests of customers and shareholders of public utilities by providing public utilities with the opportunity to earn a fair return on their investments while providing customers with just and reasonable rates; and

8. By enacting the provisions of this act relating to the financial impact of long-term contracts entered into by a provider of electric service under the portfolio standard, it is the intent of the Legislature to balance the interests of customers and providers arising under the portfolio standard and to provide for the appropriate regulatory treatment of the costs incurred by a provider to comply with the portfolio standard.

**Sec. 17.** Chapter 704 of NRS is hereby amended by adding thereto the provisions set forth as sections 18 to 23, inclusive, of this act.

**Sec. 18. 1.** *“Energy efficiency measure” means any measure designed, intended or used to improve energy efficiency if:*

*(a) The measure is installed on or after January 1, 2005, at the service location of a retail customer of a provider of electric service in this State;*

*(b) The measure reduces the consumption of energy by the retail customer; and*

*(c) The costs of the acquisition or installation of the measure are directly reimbursed, in whole or in part, by the provider of electric service.*

*2. The term does not include:*

*(a) Any demand response measure or load limiting measure that shifts the consumption of energy by a retail customer from one period to another period.*

*(b) Any solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity or any fossil fuel.*

**Sec. 19.** *“Portfolio energy credit” means any credit which a provider has earned from a portfolio energy system or efficiency measure and which the provider is entitled to use to comply with its portfolio standard, as determined by the Commission.*

**Sec. 20.** *“Portfolio energy system or efficiency measure” means:*

*1. Any renewable energy system; or*

*2. Any energy efficiency measure.*

**Sec. 21.** *“Utility provider” means a provider of electric service that is a public utility.*

**Sec. 22.** 1. *Except as otherwise provided in this section or by specific statute, a provider is entitled to one portfolio energy credit for each kilowatt-hour of electricity that the provider generates, acquires or saves from a portfolio energy system or efficiency measure.*

2. *The Commission may adopt regulations that give a provider more than one portfolio energy credit for each kilowatt-hour of electricity saved by the provider during its peak load period from energy efficiency measures.*

**Sec. 23.** 1. *The Commission may adopt regulations to establish a temporary renewable energy development program that is designed to assist with the completion of new renewable energy projects.*

2. *The Commission may require a utility provider to participate in a temporary renewable energy development program.*

3. *If the Commission adopts regulations establishing a temporary renewable energy development program, the program may include, without limitation:*

(a) *The establishment of a private trust administered by an independent trustee; and*

(b) *The payment of money from the private trust to carry out the terms and conditions of renewable energy contracts approved by the Commission between a utility provider and one or more new renewable energy projects.*

4. *If a utility provider is participating in a temporary renewable energy development program, the utility provider may apply to the Commission for authority to close the program to new renewable energy projects if the utility provider has achieved an investment grade credit rating as determined by either Moody's Investors Service, Inc., or Standard and Poor's Rating Services and has maintained that credit rating for 24 consecutive months.*

5. *The Commission may grant an application to close a temporary renewable energy development program only after finding that the creditworthiness of the utility provider is sufficiently restored so that closure of the program to new renewable energy projects is in the public interest.*

6. *An order issued by the Commission closing a temporary renewable energy development program to new renewable energy projects is not effective as to any new renewable energy project which has previously been accepted into the program and which is receiving money from a private trust established under the program until the earlier of:*

(a) *The expiration or termination of the original renewable energy contract approved by the Commission between the utility provider and the new renewable energy project; or*

*(b) The original financing, including debt, equity, or both debt and equity, as applicable, entered into by the new renewable energy project upon completion of construction of the project has been fully satisfied pursuant to its original terms.*

*7. As used in this section, “new renewable energy project” means a project to construct a renewable energy system if:*

*(a) The project is associated with one or more renewable energy contracts approved by the Commission pursuant to NRS 704.7821; and*

*(b) Construction on the project commenced on or after July 1, 2001.*

**Sec. 24.** NRS 704.775 is hereby amended to read as follows:

704.775 1. The billing period for net metering may be either a monthly period or, with the written consent of the customer-generator, an annual period.

2. The net energy measurement must be calculated in the following manner:

(a) The utility shall measure the net electricity produced or consumed during the billing period, in accordance with normal metering practices.

(b) If the electricity supplied by the utility exceeds the electricity generated by the customer-generator which is fed back to the utility during the billing period, the customer-generator must be billed for the net electricity supplied by the utility.

(c) If the electricity generated by the customer-generator which is fed back to the utility exceeds the electricity supplied by the utility during the billing period:

(1) Neither the utility nor the customer-generator is entitled to compensation for electricity provided to the other during the billing period; and

(2) The excess electricity which is fed back to the utility shall be deemed to be electricity that the utility generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive ~~[ ]~~, *and sections 18 to 23, inclusive, of this act.*

**Sec. 25.** NRS 704.7801 is hereby amended to read as follows:

704.7801 As used in NRS 704.7801 to 704.7828, inclusive, *and sections 18 to 23, inclusive, of this act*, unless the context otherwise requires, the words and terms defined in NRS 704.7805 to 704.7818, inclusive, *and sections 18 to 21, inclusive, of this act* have the meanings ascribed to them in those sections.

**Sec. 26.** NRS 704.7805 is hereby amended to read as follows:

704.7805 “Portfolio standard” means ~~[a portfolio standard for renewable energy and energy from a qualified energy recovery process]~~ *the amount of electricity that a provider must generate, acquire or save from portfolio energy systems or efficiency*

*measures, as* established by the Commission pursuant to NRS 704.7821.

**Sec. 27.** (Deleted by amendment.)

**Sec. 28.** NRS 704.7815 is hereby amended to read as follows:

704.7815 “Renewable energy system” means:

1. A facility or energy system that:

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

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

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

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

2. A solar energy system that reduces the consumption of electricity ~~[, natural gas or propane.]~~ *or any fossil fuel.*

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

**Sec. 29.** NRS 704.7821 is hereby amended to read as follows:

704.7821 1. For each provider of electric service, the Commission shall establish a portfolio standard . ~~[for renewable energy and energy from a qualified energy recovery process.]~~ The portfolio standard must require each provider to generate , ~~for~~ acquire *or save* electricity from ~~[renewable]~~ *portfolio* energy systems *or efficiency measures* in an amount that is:

(a) For calendar years ~~[2003 and 2004,]~~ *2005 and 2006*, not less than ~~[5]~~ *6* percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(b) For calendar years ~~[2005 and 2006,]~~ *2007 and 2008*, not less than ~~[7]~~ *9* percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(c) For calendar years ~~[2007 and 2008,]~~ *2009 and 2010*, not less than ~~[9]~~ *12* percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(d) For calendar years ~~[2009 and 2010,]~~ *2011 and 2012*, not less than ~~[11]~~ *15* percent of the total amount of electricity sold by the

provider to its retail customers in this State during that calendar year.

(e) For calendar years ~~{2011 and 2012,}~~ **2013 and 2014**, not less than ~~{13}~~ **18** percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

(f) For calendar year ~~{2013}~~ **2015** and for each calendar year thereafter, not less than ~~{15}~~ **20** percent of the total amount of electricity sold by the provider to its retail customers in this State during that calendar year.

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

(a) Of the total amount of electricity that the provider is required to generate, ~~{or}~~ acquire *or save* from ~~{renewable}~~ **portfolio** energy systems *or efficiency measures* during each calendar year, not less than 5 percent of that amount must be generated or acquired from solar renewable energy systems.

(b) *Of the total amount of electricity that the provider is required to generate, acquire or save from portfolio energy systems or efficiency measures during each calendar year, not more than 25 percent of that amount may be based on energy efficiency measures. If the provider intends to use energy efficiency measures to comply with its portfolio standard during any calendar year, of the total amount of electricity saved from energy efficiency measures for which the provider seeks to obtain portfolio energy credits pursuant to this paragraph, at least 50 percent of that amount must be saved from energy efficiency measures installed at service locations of residential customers of the provider, unless a different percentage is approved by the Commission.*

(c) If the provider acquires *or saves* electricity from a ~~{renewable}~~ **portfolio** energy system *or efficiency measure* pursuant to a renewable energy contract *or energy efficiency contract* with another party:

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

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

3. If, for the benefit of one or more of its retail customers in this State, the provider has ~~[subsidized,]~~ *directly reimbursed*, in whole or in part, the *costs of the* acquisition or installation of a solar energy system which qualifies as a renewable energy system and which reduces the consumption of electricity, the total reduction in the consumption of electricity during each calendar year that results from the solar energy system shall be deemed to be electricity that the provider generated or acquired from a renewable energy system for the purposes of complying with its portfolio standard.

4. The Commission shall adopt regulations that establish a system of ~~[renewable]~~ *portfolio* energy credits that may be used by a provider to comply with its portfolio standard.

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

6. If, for any calendar year, a provider is unable to comply with its portfolio standard through the generation of electricity from its own renewable energy systems or, if applicable, through the use of ~~[renewable]~~ *portfolio* energy credits, the provider shall take actions to acquire *or save* electricity pursuant to one or more renewable energy *contracts or energy efficiency* contracts. If the Commission determines that, for a calendar year, there is not or will not be a sufficient supply of electricity *or a sufficient amount of energy savings* made available to the provider pursuant to renewable energy contracts *and energy efficiency contracts* with just and reasonable terms and conditions, the Commission shall exempt the provider, for that calendar year, from the remaining requirements of its portfolio standard or from any appropriate portion thereof, as determined by the Commission.

7. The Commission shall adopt regulations *that establish:*

(a) *Standards* for the determination of just and reasonable terms and conditions for the renewable energy contracts *and energy efficiency contracts* that a provider ~~[of electric service]~~ must enter into to comply with its portfolio standard.

(b) *Methods to classify the financial impact of each long-term renewable energy contract and energy efficiency contract as an additional imputed debt of a utility provider. The regulations must allow the utility provider to propose an amount to be added to the cost of the contract, at the time the contract is approved by the Commission, equal to a compensating component in the capital structure of the utility provider. In evaluating any proposal made by a utility provider pursuant to this paragraph, the Commission shall consider the effect that the proposal will have on the rates paid by the retail customers of the utility provider.*

8. As used in this section:

(a) ***“Energy efficiency contract” means a contract to attain energy savings from one or more energy efficiency measures owned, operated or controlled by other parties.***

(b) ***“Renewable energy contract” means a contract to acquire electricity from one or more renewable energy systems owned, operated or controlled by other parties.***

~~(b)~~ (c) ***“Terms and conditions” includes, without limitation, the price that a provider ~~[of electric service]~~ must pay to acquire electricity pursuant to a renewable energy contract ~~[ ]~~ or to attain energy savings pursuant to an energy efficiency contract.***

**Sec. 30.** NRS 704.7825 is hereby amended to read as follows:

704.7825 1. Each provider of electric service shall submit to the Commission an annual report that provides information relating to the actions taken by the provider to comply with its portfolio standard.

2. Each provider shall submit the annual report to the Commission after the end of each calendar year and within the time prescribed by the Commission. The report must be submitted in a format approved by the Commission.

3. The Commission may adopt regulations that require providers to submit to the Commission additional reports during each calendar year.

4. Each annual report and each additional report must include clear and concise information that sets forth:

(a) The amount of electricity which the provider generated, ~~[or]~~ acquired ***or saved*** from ~~[renewable]~~ ***portfolio*** energy systems ***or efficiency measures*** during the reporting period and, if applicable, the amount of ~~[renewable]~~ ***portfolio*** energy credits that the provider acquired, sold or traded during the reporting period to comply with its portfolio standard;

(b) The capacity of each renewable energy system owned, operated or controlled by the provider, the total amount of electricity generated by each such system during the reporting period and the percentage of that total amount which was generated directly from renewable energy;

(c) Whether, during the reporting period, the provider began construction on, acquired or placed into operation any renewable energy system and, if so, the date of any such event; ~~[and]~~

(d) ***Whether, during the reporting period, the provider participated in the acquisition or installation of any energy efficiency measures and, if so, the date of any such event; and***

(e) Any other information that the Commission by regulation may deem relevant.

***5. Based on the reports submitted by providers pursuant to this section, the Commission shall compile information that sets forth whether any provider has used energy efficiency measures to***

*comply with its portfolio standard and, if so, the type of energy efficiency measures used and the amount of energy savings attributable to each such energy efficiency measure. The Commission shall report such information to:*

*(a) The Legislature, not later than the first day of each regular session; and*

*(b) The Legislative Commission, if requested by the Chairman of the Commission.*

**Sec. 31.** NRS 704.7828 is hereby amended to read as follows:

704.7828 1. The Commission shall adopt regulations to carry out and enforce the provisions of NRS 704.7801 to 704.7828, inclusive ~~§~~, *and sections 18 to 23, inclusive, of this act.* The regulations adopted by the Commission may include any enforcement mechanisms which are necessary and reasonable to ensure that each provider of electric service complies with its portfolio standard. Such enforcement mechanisms may include, without limitation, the imposition of administrative fines.

2. If a provider does not comply with its portfolio standard for any calendar year and the Commission has not exempted the provider from the requirements of its portfolio standard pursuant to NRS 704.7821, the Commission may impose an administrative fine against the provider or take other administrative action against the provider, or do both.

3. The Commission may impose an administrative fine against a provider based upon:

(a) Each kilowatt-hour of electricity that the provider does not generate, ~~for~~ acquire *or save* from ~~[a renewable energy system or a solar renewable energy system]~~ *portfolio energy systems or efficiency measures* during a calendar year in violation of its portfolio standard; or

(b) Any other reasonable formula adopted by the Commission.

4. In the aggregate, the administrative fines imposed against a provider for all violations of its portfolio standard for a single calendar year must not exceed the amount which is necessary and reasonable to ensure that the provider complies with its portfolio standard, as determined by the Commission.

5. If the Commission imposes an administrative fine against a *utility* provider : ~~[that is a public utility:]~~

(a) The administrative fine is not a cost of service of the *utility* provider;

(b) The *utility* provider shall not include any portion of the administrative fine in any application for a rate adjustment or rate increase; and

(c) The Commission shall not allow the *utility* provider to recover any portion of the administrative fine from its retail customers.

6. All administrative fines imposed and collected pursuant to this section must be deposited in the State General Fund.

**Sec. 32.** NRS 704B.320 is hereby amended to read as follows:

704B.320 1. For eligible customers whose loads are in the service territory of an electric utility that primarily serves densely populated counties, the aggregate amount of energy that all such eligible customers purchase from providers of new electric resources before July 1, 2003, must not exceed 50 percent of the difference between the existing supply of energy generated in this State that is available to the electric utility and the existing demand for energy in this State that is consumed by the customers of the electric utility, as determined by the Commission.

2. An eligible customer that is a nongovernmental commercial or industrial end-use customer whose load is in the service territory of an electric utility that primarily serves densely populated counties shall not purchase energy, capacity or ancillary services from a provider of new electric resources unless, as part of the proposed transaction, the eligible customer agrees to:

(a) Contract with the provider to purchase:

(1) An additional amount of energy which is equal to 10 percent of the total amount of energy that the eligible customer is purchasing for its own use under the proposed transaction and which is purchased at the same price, terms and conditions as the energy purchased by the eligible customer for its own use; and

(2) The capacity and ancillary services associated with the additional amount of energy at the same price, terms and conditions as the capacity and ancillary services purchased by the eligible customer for its own use; and

(b) Offers to assign the rights to the contract to the electric utility for use by the remaining customers of the electric utility.

3. If an eligible customer is subject to the provisions of subsection 2, the eligible customer shall include with its application filed pursuant to NRS 704B.310 all information concerning the contract offered to the electric utility that is necessary for the Commission to determine whether it is in the best interest of the remaining customers of the electric utility for the electric utility to accept the rights to the contract. Such information must include, without limitation, the amount of the energy and capacity to be purchased under the contract, the price of the energy, capacity and ancillary services and the duration of the contract.

4. Notwithstanding any specific statute to the contrary, information concerning the price of the energy, capacity and ancillary services and any other terms or conditions of the contract that the Commission determines are commercially sensitive:

(a) Must not be disclosed by the Commission except to the Regulatory Operations Staff of the Commission, the Consumer's

Advocate and his staff and the electric utility for the purposes of carrying out the provisions of this section; and

(b) Shall be deemed to be confidential for all other purposes, and the Commission shall take such actions as are necessary to protect the confidentiality of such information.

5. If the Commission determines that the contract:

(a) Is not in the best interest of the remaining customers of the electric utility, the electric utility shall not accept the rights to the contract, and the eligible customer is entitled to all rights to the contract.

(b) Is in the best interest of the remaining customers of the electric utility, the electric utility shall accept the rights to the contract and the eligible customer shall assign all rights to the contract to the electric utility. A contract that is assigned to the electric utility pursuant to this paragraph shall be deemed to be an approved part of the resource plan of the electric utility and a prudent investment, and the electric utility may recover all costs for the energy, capacity and ancillary services acquired pursuant to the contract. To the extent practicable, the Commission shall take actions to ensure that the electric utility uses the energy, capacity and ancillary services acquired pursuant to each such contract only for the benefit of the remaining customers of the electric utility that are not eligible customers, with a preference for the remaining customers of the electric utility that are residential customers with small loads.

6. The provisions of this section do not exempt the electric utility, in whole or in part, from the requirements imposed on the electric utility pursuant to NRS 704.7801 to 704.7828, inclusive, *and sections 18 to 23, inclusive, of this act* to comply with its portfolio standard . ~~[for renewable energy and energy from a qualified energy recovery process.]~~ The Commission shall not take any actions pursuant to this section that conflict with or diminish those requirements.

**Sec. 33.** Section 3 of Chapter 330, Statutes of Nevada 2001, as amended by Section 2 of Chapter 511, Statutes of Nevada 2003, at page 3496, is hereby amended to read as follows:

Sec. 3. 1. This section becomes effective on July 1, 2001.

2. Sections 1 and 2 of this act become effective on July 1, 2001, for the purpose of adopting regulations and on January 1, 2002, for all other purposes.

3. This act expires by limitation on ~~[June 30,]~~ *December 31*, 2005.

**Sec. 34.** Section 18 of the Solar Energy Systems Demonstration Program Act, being Chapter 331, Statutes of Nevada 2003, at page 1869, is hereby amended to read as follows:

Sec. 18. 1. On or before May 1 of each year, the Public Utilities Commission of Nevada shall:

(a) Review each application nominated by the Committee to ensure that the application meets the requirements of subsection 3 of section 14 of this act; and

(b) From those nominees, select participants for the Demonstration Program for the following program year.

2. The Public Utilities Commission of Nevada may approve, from among the applications nominated by the Committee, solar energy systems totaling:

(a) For the program year beginning July 1, 2004:

(1) 100 kilowatts of capacity for schools;

(2) 200 kilowatts of capacity for other public buildings; and

(3) 200 kilowatts of capacity for private residences and small businesses.

(b) For the program year beginning July 1, 2005:

(1) An additional ~~450~~ 570 kilowatts of capacity for schools;

(2) An additional ~~450~~ 570 kilowatts of capacity for other public buildings; and

(3) An additional ~~600~~ 760 kilowatts of capacity for private residences and small businesses.

(c) For the program year beginning July 1, 2006:

(1) An additional ~~900~~ 570 kilowatts of capacity for schools;

(2) An additional ~~900~~ 570 kilowatts of capacity for other public buildings; and

(3) An additional ~~1200~~ 760 kilowatts of capacity for private residences and small businesses.

*(d) For the program year beginning July 1, 2007:*

*(1) An additional 570 kilowatts of capacity for schools;*

*(2) An additional 570 kilowatts of capacity for other public buildings; and*

*(3) An additional 760 kilowatts of capacity for private residences and small businesses.*

*(e) For the program year beginning July 1, 2008:*

*(1) An additional 570 kilowatts of capacity for schools;*

*(2) An additional 570 kilowatts of capacity for other public buildings; and*

*(3) An additional 760 kilowatts of capacity for private residences and small businesses.*

*(f) For the program year beginning July 1, 2009:*

*(1) An additional 570 kilowatts of capacity for schools;*

*(2) An additional 570 kilowatts of capacity for other public buildings; and*

*(3) An additional 760 kilowatts of capacity for private residences and small businesses.*

3. The Public Utilities Commission of Nevada shall notify each nominee of its selections no later than 10 days after the decision is made.

**Sec. 35.** Section 19 of the Solar Energy Systems Demonstration Program Act, being Chapter 331, Statutes of Nevada 2003, as amended by Chapter 478, Statutes of Nevada 2003, at page 3034, is hereby amended to read as follows:

Sec. 19. 1. After the participant installs the solar energy system included in the Demonstration Program, the Public Utilities Commission of Nevada shall issue to the participant ~~[renewable]~~ *portfolio* energy credits for use within the system of ~~[renewable]~~ *portfolio* energy credits adopted by the Commission pursuant to NRS 704.7821 equal to 2.4 times the actual or estimated kilowatt-hour production of the solar energy system.

2. The Commission shall designate the ~~[renewable]~~ *portfolio* energy credits issued to the participant pursuant to subsection 1 as ~~[renewable]~~ *portfolio* energy credits generated or acquired from solar renewable energy systems. The participant may transfer the ~~[renewable]~~ *portfolio* energy credits to a utility if the participant complies with the regulations adopted by the Commission to complete such a transfer.

3. The Commission shall adopt regulations to provide for the requirements and the procedures that a participant must follow to transfer ~~[renewable]~~ *portfolio* energy credits from the participant to a utility.

**Sec. 36.** Section 20 of the Solar Energy Systems Demonstration Program Act, being Chapter 331, Statutes of Nevada 2003, at page 1870, is hereby amended to read as follows:

Sec. 20. 1. If the solar energy system used by a participant in the Demonstration Program meets the requirements of NRS 704.766 to 704.775, inclusive, the participant is entitled to participate in net metering pursuant to the provisions of NRS 704.766 to 704.775, inclusive.

2. If the utility which provides service to the participant offers an optional pricing plan that allows the utility to charge

a customer varying rates per kilowatt-hour of electricity depending on the time of day that the customer uses the electricity, the participant is also entitled to participate in net metering under that optional pricing plan.

3. A participant who participates in net metering must be billed on a monthly basis by the utility.

4. Notwithstanding the provisions of paragraph (c) of subsection 2 of NRS 704.775, the utility shall credit the participant for the excess energy generated by the participant which is fed back to the utility that exceeds the electricity supplied by the utility to the participant during any billing period. This credit must be applied toward the electricity consumed by the participant in the 11 billing periods immediately following the billing period in which the credit accrues. Any credit that accrues to the participant during a billing period that is not applied toward the electricity consumed by the participant during the 11 billing periods immediately following must expire without compensation to the participant. The electricity represented by the expired credit shall be deemed to be electricity that the utility generated or acquired from a *solar* renewable energy system to comply with its portfolio standard pursuant to NRS 704.7801 to 704.7828, inclusive ~~[ ]~~, *and sections 18 to 23, inclusive, of this act.*

5. If the participant participates in net metering under an optional pricing plan pursuant to the provisions of subsection 2, any credit accrued by the participant pursuant to subsection 3 during a billing period must, until exhausted, be applied first toward the electricity consumed by the participant during peak period consumption, second toward the electricity consumed by the participant during mid-peak period consumption and finally toward the electricity consumed by the participant during off-peak period consumption.

**Sec. 37.** Section 24 of the Solar Energy Systems Demonstration Program Act, being Chapter 331, Statutes of Nevada 2003, at page 1871, is hereby amended to read as follows:

Sec. 24. The provisions of sections 4 to 21, inclusive, of this act expire by limitation on June 30, ~~[2007-]~~ **2010**.

**Sec. 38.** 1. Section 4 of Senate Bill No. 256 of the 73rd Session of the Nevada Legislature is hereby repealed.

2. In repealing section 4 of Senate Bill No. 256 of the 73rd Session of the Nevada Legislature, the Legislature hereby expresses its intent that section 4 of Senate Bill No. 256 of the 73rd Session of the Nevada Legislature shall be deemed to have never been enacted into law.

**Sec. 39.** As soon as practicable, the Governor shall appoint to the Task Force for Renewable Energy and Energy Conservation the member required by section 14 of this act. The initial term of that member expires on June 30, 2007.

**Sec. 40.** 1. The Director of the Office of Energy shall review model standards for commercial appliances, including, without limitation, the appliance efficiency standards adopted by the California Energy Commission.

2. The Director shall prepare a report summarizing the review and submit the report by July 1, 2006, to the Director of the Legislative Counsel Bureau for transmittal to the Legislative Commission and to the 74th Session of the Nevada Legislature. The report must be made available to the general public.

**Sec. 41.** The Public Utilities Commission of Nevada shall transfer the sum of \$125,000 in Fiscal Year 2005-2006 and the sum of \$125,000 in Fiscal Year 2006-2007 from its reserve account in the Public Utilities Commission Regulatory Fund, created pursuant to NRS 703.147, to the Trust Fund for Renewable Energy and Energy Conservation, created pursuant to NRS 701.370.

**Sec. 42.** 1. This section and sections 14 to 37, inclusive, 39, 40 and 41 of this act become effective upon passage and approval.

2. Section 38 of this act becomes effective on June 1, 2005.

3. Sections 1, 2, 4, 6, 7, 8 and 9 to 13, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On October 1, 2005, for all other purposes.

4. Section 5 of this act becomes effective on October 1, 2005, and applies to the construction or renovation of a public building, the designing of which begins on or after that date.

5. Sections 8.1 to 8.8, inclusive, of this act become effective:

(a) Upon passage and approval for the purpose of adopting regulations and performing any other preparatory administrative tasks that are necessary to carry out the provisions of this act; and

(b) On July 1, 2006, for all other purposes.

6. Section 3 of this act becomes effective on July 1, 2007, and applies to the construction of a public building, the designing of which begins on or after that date.

7. Sections 8.55 and 8.6 of this act expire by limitation on the date on which the provisions of 42 U.S.C. § 666 requiring each state to establish procedures under which the state has authority to withhold or suspend, or to restrict the use of professional, occupational and recreational licenses of persons who:

(a) Have failed to comply with a subpoena or warrant relating to a proceeding to determine the paternity of a child or to establish or enforce an obligation for the support of a child; or

(b) Are in arrears in the payment for the support of one or more children,

↪ are repealed by the Congress of the United States.



