

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

LCB File No. R184-09

January 15, 2010

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

AUTHORITY: §§1-5, 7-13 and 15, NRS 701B.200, as amended by Senate Bill No. 358, chapter 321, Statutes of Nevada 2009, at page 1383, and 703.025; §6, NRS 701B.200, as amended by Senate Bill No. 358, chapter 321, Statutes of Nevada 2009, at page 1383, 701B.220 and 703.025; §14, NRS 701B.200, as amended by Senate Bill No. 358, chapter 321, Statutes of Nevada 2009, at page 1383, 701B.210 and 703.025.

A REGULATION relating to renewable energy; providing definitions relating to the Solar Energy Systems Incentive Program; providing procedures for applications to participate in the Program; revising incentives for participants in the Program; providing procedures for the payment of incentives for participants in the Program; revising requirements for the annual plan filed relating to the Program; providing requirements for solar energy systems used for the Program; and providing other matters properly relating thereto.

Section 1. Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 11, inclusive, of this regulation.

Sec. 2. *“Host customer” means either the utility customer of record at the location where a solar energy system will be located or a person who has been designated by the utility customer of record in a letter to the utility explaining the relationship between that person and the utility customer of record.*

Sec. 3. *“System owner” means the owner of the generating equipment at the time an incentive is paid. If a solar energy system is owned by a third party, the third party is the system owner.*

Sec. 4. *For residential and small business properties:*

1. The host customer may submit an application for an incentive reservation to the utility using forms approved by the Commission once the host customer has executed a contract with a third party for, or has received a purchase order demonstrating proof of purchase of, solar generating equipment. The application for the reservation of an incentive must include, without limitation:

(a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;

(b) A copy of the executed agreement to purchase and install the solar energy system;

(c) If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner; and

(d) Any documentation required by the utility which substantiates ownership of the equipment.

2. If an application is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the application will be cancelled and the applicant may resubmit the application to the utility. The utility shall treat all resubmitted applications as new applications and process them in sequence with other new applications. Money for an incentive is not reserved until the utility receives all information and documentation required for the application and the project is approved.

3. The utility shall review the application for completeness and determine eligibility. Once the utility approves the application, the utility shall issue a notice confirming that a specific incentive amount is reserved for the project. The solar energy system must be purchased,

installed and put into operation by the expiration date listed on the notice. The notice must list:

- (a) The specific reservation dollar amount;*
- (b) The approved kilowatt capacity of the project; and*
- (c) The expiration date.*

4. The applicant must complete the installation of a solar energy system not later than 12 months after the applicant receives the notice pursuant to subsection 3 from the utility, unless the expiration date on the notice is sooner.

5. To claim the incentive, the applicant must submit a form approved by the Commission to the utility after the solar energy system is purchased, installed and put into operation. The form must include, without limitation:

- (a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;*
- (b) Any supporting documentation deemed necessary by the Commission; and*
- (c) Any documentation required by the utility which substantiates ownership of the equipment.*

Sec. 5. *For school property, public property and other property:*

1. The host customer may submit an application for an incentive reservation to the utility using forms approved by the Commission once the host customer has executed a contract with a third party for, or has received a purchase order demonstrating proof of purchase of, solar generating equipment. The application for the reservation of an incentive must include, without limitation:

- (a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;*
- (b) A copy of the executed agreement to purchase and install the solar energy system;*
- (c) If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner; and*
- (d) Any documentation required by the utility which substantiates ownership of the equipment.*

2. Once the utility determines that an application is complete and that the applicant is eligible, the utility shall reserve money allocated for the specified size of the solar energy system and send a notice to the applicant. The notice must list:

- (a) The incentive amount that has been reserved for the project;*
- (b) The date by which the applicant must submit proof that the project is progressing and that there is a sustained commitment to complete the project within an approved timeline; and*
- (c) All documentation required to be submitted with the proof required in paragraph (b), including, without limitation:*

- (1) A checklist approved by the Commission documenting the progress of the project;*
- (2) A copy of the executed agreement to purchase and install the solar energy system;*
- (3) If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner; and*
- (4) A copy of the request for proposal or other solicitation for the installation of the project.*

3. The reservation of money in subsection 2 is valid only until the date for submission of proof of progress pursuant to paragraph (b) of subsection 2. Within 60 days after receipt of the

notice, the applicant must submit a checklist approved by the Commission documenting the progress of the project and a copy of the request for proposal or other solicitation for the installation of the project.

4. Within 180 days after submitting the documentation required by subsection 3, the applicant must provide the proof of progress required pursuant to paragraphs (b) and (c) of subsection 2. If the proof of progress is received on or before the required date but is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested additional information within 20 calendar days after receipt of the request, the application will be cancelled. Once the applicant has sufficiently demonstrated that the project is progressing, the utility shall issue a notice that the reservation has been confirmed.

5. The applicant must complete the project not later than 12 months after the date that the initial notice was issued.

6. To claim the incentive, the applicant must submit a form approved by the Commission to the utility after the solar energy system is purchased, installed and put into operation. The form must include, without limitation:

(a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;

(b) Any supporting documentation deemed necessary by the Commission; and

(c) Any documentation required by the utility which substantiates ownership of the equipment.

Sec. 6. 1. The utility shall offer to a host customer an incentive in the form of a rebate. Any retail distribution customer of a participating utility may apply for an incentive. A host

customer or a system owner may apply for the incentive. The project site must be located in the service territory of the utility.

2. The incentive payment levels must automatically be reduced over the duration of the Solar Program in 12 steps, based on the total number of kilowatts of confirmed reservations. The duration of each step will depend on when the utility reaches a specific total number of kilowatts of confirmed reservations. The kilowatt capacity set for each step of the Solar Program is in addition to the capacity granted for prior steps. The amount of the incentive and the total number of kilowatts of confirmed reservations are set for each step of the Solar Program as follows:

	<i>Residential and Small Business</i>		<i>Schools</i>		<i>Public and Other Property</i>		<i>Total</i>
<i>Step</i>	<i>Kilowatt Capacity</i>	<i>Rebate Per Watt</i>	<i>Kilowatt Capacity</i>	<i>Rebate Per Watt</i>	<i>Kilowatt Capacity</i>	<i>Rebate Per Watt</i>	
<i>Step 1</i>	<i>1000</i>	<i>\$2.50</i>	<i>2000</i>	<i>\$5.00</i>	<i>760</i>	<i>\$5.00</i>	<i>3760</i>
<i>Step 2</i>	<i>1090</i>	<i>\$2.30</i>	<i>2180</i>	<i>\$4.60</i>	<i>828</i>	<i>\$4.60</i>	<i>4098</i>
<i>Step 3</i>	<i>1188</i>	<i>\$2.10</i>	<i>2376</i>	<i>\$4.20</i>	<i>903</i>	<i>\$4.20</i>	<i>4467</i>
<i>Step 4</i>	<i>1295</i>	<i>\$1.90</i>	<i>2590</i>	<i>\$3.80</i>	<i>984</i>	<i>\$3.80</i>	<i>4869</i>
<i>Step 5</i>	<i>1412</i>	<i>\$1.70</i>	<i>2823</i>	<i>\$3.40</i>	<i>1073</i>	<i>\$3.40</i>	<i>5308</i>
<i>Step 6</i>	<i>1539</i>	<i>\$1.50</i>	<i>3077</i>	<i>\$3.00</i>	<i>1169</i>	<i>\$3.00</i>	<i>5785</i>
<i>Step 7</i>	<i>1677</i>	<i>\$1.30</i>	<i>3354</i>	<i>\$2.40</i>	<i>1275</i>	<i>\$2.40</i>	<i>6306</i>
<i>Step 8</i>	<i>1828</i>	<i>\$1.10</i>	<i>3656</i>	<i>\$2.00</i>	<i>1389</i>	<i>\$2.00</i>	<i>6873</i>
<i>Step 9</i>	<i>1993</i>	<i>\$0.90</i>	<i>3985</i>	<i>\$1.60</i>	<i>1514</i>	<i>\$1.60</i>	<i>7492</i>
<i>Step 10</i>	<i>2172</i>	<i>\$0.70</i>	<i>4344</i>	<i>\$1.20</i>	<i>1651</i>	<i>\$1.20</i>	<i>8166</i>
<i>Step 11</i>	<i>2367</i>	<i>\$0.50</i>	<i>4735</i>	<i>\$0.80</i>	<i>1799</i>	<i>\$0.80</i>	<i>8901</i>
<i>Step 12</i>	<i>2580</i>	<i>\$0.30</i>	<i>5161</i>	<i>\$0.40</i>	<i>1961</i>	<i>\$0.40</i>	<i>9702</i>

3. *The utility shall calculate its progress toward meeting the total number of kilowatts of confirmed reservations for a given step using the number of kilowatts proposed for a project in the application. Projects are included in the calculation of total kilowatts in a step once they are deemed eligible and have been issued a confirmed reservation. When the total number of kilowatts allocated through the confirmed reservations reaches the capacity listed within any particular step, any subsequent kilowatts allocated by the utility will be at the next step. If the maximum capacity authorized by NRS 701B.260 for a given program year is reached prior to the end of that year, the utility shall suspend the Solar Program until the beginning of the next program year.*

4. *If there are any kilowatts that remain unused and unaccounted for in any previous steps due to events such as applicants dropping out of the process or reducing the size of their solar energy systems, those kilowatts will be added to the current step under which the utility is issuing reservations and incentives. If kilowatts become unused in the current step, those kilowatts will be returned to the current step. Any reallocation of kilowatts from an earlier step to a later step due to drop-outs or system size reductions may take place as long as the kilowatts are reallocated within the same category of projects.*

5. *If a host customer installs a solar energy system that has greater kilowatt capacity than the number of kilowatts in its confirmed reservation, the host customer must receive the incentive level in its confirmed reservation for only the kilowatt capacity described in the confirmed reservation. Incentive dollars may be paid to the host customer for the excess kilowatt capacity at the step level that would apply to new applications.*

6. *The utility shall provide updates to its website, as close as possible to real time and not less often than weekly, to indicate the total kilowatts available for incentives at each step and*

in each category, including any kilowatts newly available due to reallocations. Different customer categories may meet step goals at different times due to different levels of participation.

7. The utility shall not approve an application to participate in the Solar Program in any step unless:

(a) The solar energy system proposed in the application:

(1) Uses solar energy to generate electricity;

(2) Is located on the property of a customer of the electric utility;

(3) Is connected on the customer's side of the electricity meter;

(4) Provides electricity primarily to offset customer load on that property; and

(5) Periodically exports the excess generation from the solar energy system to the grid in accordance with the provisions governing net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive; or

(b) Not more than 1,000 kilowatts of capacity have been allocated for solar energy systems that do not meet the criteria in paragraph (a) for the current step and the solar energy system proposed in the application would not cause more than 1,000 kilowatts of capacity to be allocated for solar energy systems that do not meet the criteria in paragraph (a) for the current step.

Sec. 7. 1. Once a project is completed, the applicant may request payment of the incentive amount listed on the confirmed reservation. A project is considered completed when it is completely installed, interconnected, permitted, paid for, and capable of producing electricity in the manner and in the amounts for which it was designed.

2. To receive the incentive, all requirements of the Solar Program must be met and a complete claim form submitted by the expiration date listed for the project on its confirmed reservation.

3. If a claim form is incomplete or is found to require clarification, the utility shall request the information necessary to process that application further. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the request for payment may be denied. If a claim form is not received by the expiration date for the project, or if the project is otherwise ineligible, the utility shall send a written notice stating the reasons the project is ineligible and the project will be rejected. If a project is rejected, the applicant or host customer may reapply for an incentive reservation but will be subject to the eligibility requirements, incentive levels and funding available at the time of reapplication.

Sec. 8. *1. The host customer or system owner may withdraw from the Solar Program for any reason by providing written notice of withdrawal to the utility.*

2. The host customer retains sole rights to the reservation and may preserve the reservation by submitting a new application for a reservation along with the written notice of withdrawal from the Solar Program to the utility. If all available money is reserved for other projects, the host customer may not increase the incentive amount in his original reservation.

3. For school property, public property and other property, submitting a new application for a reservation will not change the date by which the proof required in paragraphs (b) and (c) of subsection 2 of section 5 of this regulation must be provided.

4. If the host customer does not resubmit an application for a reservation at the time of withdrawal from the Solar Program, the original application will be terminated in its entirety and any previously reserved incentive funding will be released. The host customer may apply

for a new incentive reservation if the host customer still wishes to participate in the Solar Program.

Sec. 9. *The utility shall verify that any contractor involved in the installation of a solar energy system has an active license with the State Contractors' Board during review of the application. If the utility determines that a contractor's license was suspended during the application process:*

- 1. Reservations associated with the contractor will not be confirmed;*
- 2. Applications associated with the contractor will be suspended;*
- 3. No incentive payments will be made for systems associated with the contractor unless the system was interconnected prior to the suspension of the contractor's license;*
- 4. All parties identified on the application will be notified of the suspension; and*
- 5. If the solar energy system has not yet been installed, the host customer may hire a new contractor without losing the current incentive reservation and may apply for an extension, if necessary.*

Sec. 10. 1. *The host customer may act as the applicant or system owner, may designate the applicant or system owner to act on his behalf and may change these parties at any time with prior written notice to the utility.*

2. The host customer is the holder of the incentive reservation, must be a party to any agreement or contract with the utility and retains sole rights to the incentive reservation.

3. If the host customer is not the system owner, the system owner must be a party to any agreement or contract with the utility.

Sec. 11. 1. *The utility shall meet with industry stakeholders, including the Regulatory Operations Staff of the Commission, twice a year to evaluate the effectiveness of the Solar Program and its progress toward meeting its goals.*

2. Within 30 days of each such meeting, the utility shall file an informational filing with the Commission, including, without limitation:

(a) A status update regarding the Solar Program, including the current number of applicants, completed installations and progress toward meeting the current incentive step level goal; and

(b) A summary of the discussion from the meeting, including concerns and recommendations of the stakeholders.

Sec. 12. Section 4 of LCB File No. R175-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 4. As used in sections 4 to 24, inclusive, of this regulation, *and sections 2 to 16, inclusive, of LCB File No. R184-09*, unless the context otherwise requires, the words and terms defined in sections 5 to 17, inclusive, of this regulation *and sections 2 and 3 of LCB File No. R184-09* have the meanings ascribed to them in those sections.

Sec. 13. Section 19 of LCB File No. R175-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 19. **1.** Pursuant to NRS 701B.230, a utility shall file with the Commission on or before February 1 of each year an annual plan which must include the following:

~~(1)~~ **(a)** A schedule describing major program milestones;

~~[2.]~~ (b) A budget with the following categories:

- ~~[(a)]~~ (1) Incentives;
- ~~[(b)]~~ (2) Contractor costs;
- ~~[(c)]~~ (3) Marketing costs;
- ~~[(d)]~~ (4) Training costs; and
- ~~[(e)]~~ (5) Utility administrative costs;

~~[3.]~~ (c) A report on previous program years and the current program year which includes, without limitation, the most up-to-date versions of the following information for each program year:

- ~~[(a)]~~ (1) The number of applications filed in each Solar Program category;
- ~~[(b)]~~ (2) The number of participants enrolled in the Solar Program and the number who have dropped out of the Solar Program;
- ~~[(c)]~~ (3) The annual budget and expenditures;
- ~~[(d)]~~ (4) Any remaining financial obligations at the end of a program year;
- ~~[(e)]~~ (5) A list of completed installations;
- ~~[(f)]~~ (6) A summary of marketing results; and
- ~~[(g)]~~ (7) A description of training and educational activities;

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

- ~~[(a)]~~ (1) The procedures to be followed by the utility and the applicant;
- ~~[(b)]~~ (2) The criteria for the selection of applicants for the Solar Program ~~[, for the selection of applicants for the prioritized waiting list and for the promotion of applicants from the prioritized waiting list to the Solar Program;]~~ ; and
- ~~[(c)]~~ (3) Copies of proposed applications and forms;

~~[(d) A schedule of the application process with estimated dates for when the utility will forward recommendations for approval by the Task Force; and~~

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

~~—5.] (e) The total of all incentives proposed to be paid for the program year;~~

~~[6.] (f) A detailed advertising plan;~~

~~[7.] (g) An education and training plan; *and*~~

~~[8.] (h) An inspection and verification plan for solar energy systems which verifies all applicable requirements for applicants or participants, including, without limitation, any applicable requirements described in section 20 of this regulation . ~~]; and~~~~

~~—9.—The conditions and requirements which must be met to allow the utility to request and the Task Force to approve the reallocation of unsubscribed capacity from one category to another category in a program year.]~~

2. The annual plan filed by the utility on or before February 1, 2010, must contain, in addition to items listed in subsection 1, a detailed description of how the Solar Program will transition to incentives awarded according to kilowatt capacity in each incentive level step, including the number of projects and kilowatt capacity of each project in each category on the existing waiting list and into which incentive level step each project on the waiting list will be placed.

Sec. 14. Section 20 of LCB File No. R175-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, is hereby amended to read as follows:

Sec. 20. ~~[1.]~~ For all Solar Program categories:

~~[(a)]~~ 1. A solar energy system must be located on property within the Nevada service territory of a participating utility; and

~~[(b)]~~ 2. A solar energy system must have:

~~[(1)]~~ (a) A 2-year workmanship warranty for the installation of the solar energy system, including labor and materials;

~~[(2)]~~ (b) A 7-year product warranty for the inverters, limited to material; and

~~[(3)]~~ (c) A 20-year product warranty for the solar panels, limited to material.

3. *A solar energy system must be installed:*

(a) By an installer who has been issued a classification C-2 license with the appropriate subclassification by the State Contractors' Board pursuant to the regulations adopted by the Board; and

(b) In conformance with the manufacturers' specifications and with all applicable electrical and building codes and standards.

~~[(2).—For the private residential property or small business property category, the solar energy system must be on property owned by the participant.]~~

Sec. 15. Sections 16, 18 and 21 of LCB File No. R175-07, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on April 17, 2008, are hereby repealed.

TEXT OF REPEALED SECTIONS

Section 16 of LCB File No. R175-07:

Sec. 16. “Task Force” has the meaning ascribed to it in NRS 701B.170.

Section 18 of LCB File No. R175-07:

Sec. 18. 1. A utility shall offer to a participant the following incentives in the form of a rebate:

(a) For school property and public and other property:

(1) For the program year beginning July 1, 2007, \$5.00 per watt of installed capacity of the solar energy system;

(2) For the program year beginning July 1, 2008, \$5.00 per watt of installed capacity of the solar energy system;

(3) For the program year beginning July 1, 2009, \$4.60 per watt of installed capacity of the solar energy system;

(4) For the program year beginning July 1, 2010, \$4.20 per watt of installed capacity of the solar energy system;

(5) For the program year beginning July 1, 2011, \$3.80 per watt of installed capacity of the solar energy system; and

(6) For the program year beginning July 1, 2012, \$3.40 per watt of installed capacity of the solar energy system; and

(b) For private residential property and small business property:

(1) For the program year beginning July 1, 2007, \$3.00 per watt of installed capacity of the solar energy system;

(2) For the program year beginning July 1, 2008, \$2.50 per watt of installed capacity of the solar energy system;

(3) For the program year beginning July 1, 2009, \$2.30 per watt of installed capacity of the solar energy system;

(4) For the program year beginning July 1, 2010, \$2.10 per watt of installed capacity of the solar energy system;

(5) For the program year beginning July 1, 2011, \$1.90 per watt of installed capacity of the solar energy system; and

(6) For the program year beginning July 1, 2012, \$1.70 per watt of installed capacity of the solar energy system.

2. If the incentives for a participant's first program year change between the time his application is approved and the time his solar energy system is completed, the participant must receive for that program year the incentives established at the time that his application was approved.

Section 21 of LCB File No. R175-07:

Sec. 21. The master application which a utility must submit to the Task Force must include the following:

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

2. The completed application for each applicant;

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

4. A prioritized waiting list; and

5. A tabulation by program category for the program year showing the:

(a) Total capacity allowed for each category;

(b) Total capacity previously approved for each category;

(c) Total capacity recommended by the utility for approval for each category;

(d) Total capacity represented by the waiting list for each category; and

(e) Balance of capacity not yet committed.