

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

LCB File No. R115-03

Effective February 18, 2004

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

AUTHORITY: §§1-20, NRS 704.7821 and 704.7828.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 20, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 20, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 10, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Administrator” means the person appointed by the Commission to administer the system of renewable energy credits established pursuant to NRS 704.7821.*

Sec. 4. *“Designated representative” means the person authorized by the owner of a renewable energy system to represent the system before the Commission.*

Sec. 5. *“Net metering system” has the meaning ascribed to it in NRS 704.771.*

Sec. 6. *“Provider of electric service” has the meaning ascribed to it in NRS 704.7808.*

Sec. 7. *“Renewable energy” has the meaning ascribed to it in NRS 704.7811.*

Sec. 8. *“Renewable energy credit” means a unit of credit which:*

1. Equals 1 kilowatt-hour of electricity generated by a renewable energy system.

2. *For a solar facility that reduces the consumption of electricity by the generation of solar energy, equals the amount of electricity that is reduced at the facility by the operation of the solar facility.*

3. *For a net metering system, equals the amount of metered electricity generated by the system or, if the system does not use a meter to measure the kilowatt-hours of electricity generated by the system, equals the estimate of the electricity generated by the system in the manner prescribed in subsection 4 of section 15 of this regulation.*

Sec. 9. *“Renewable energy system” has the meaning ascribed to it in NRS 704.7815.*

Sec. 10. *“Utility provider” means a provider of electric service that is a public utility.*

Sec. 11. *Renewable energy credits may be used to comply with a portfolio standard for renewable energy established by the Commission pursuant to NRS 704.7821.*

Sec. 12. 1. *A renewable energy system or an owner of renewable energy credits who wishes to participate in the system of renewable energy credits established pursuant to NRS 704.7821 must apply to, and be approved by, the Commission to participate in the system.*

2. *The application must include:*

(a) *The legal name of the applicant and all other names under which the applicant is doing business in the United States.*

(b) *The telephone number, mailing address and electronic mail address of the applicant.*

(c) *A copy of each business license and certificate issued by this state or any local government of this state which authorizes the applicant to conduct business in this state.*

(d) *The name, telephone number, address and electronic mail address of the designated representative, if the applicant is a renewable energy system.*

(e) A map indicating the location of the renewable energy system, and an electrical one-line diagram indicating the system's interconnection points with the local distribution or transmission system and the location of all generation units.

(f) The type of renewable energy system.

(g) The rating of the electrical capacity of the renewable energy system.

(h) The date the renewable energy system was placed in service.

(i) The estimated yearly generation of electricity by the renewable energy system in kilowatt-hours.

(j) The location and type of metering used by the renewable energy system, including the identification of primary metering and secondary metering at multiple sites.

(k) If fossil fuel is used as an energy source to generate electricity, the percentage that fossil fuel bears to the total input of the renewable energy system. If the percentage of fossil fuel is more than 2 percent of the total input, as measured in British thermal units, a statement that indicates whether separate metering is practical.

(l) Proof that the applicant is a renewable energy system or an owner of renewable energy credits.

(m) A signature page signed by an authorized agent of the renewable energy system which states that the renewable energy system consents to the jurisdiction of the Commission for the purposes of participating in the system of renewable energy credits.

3. If there is a change in any information contained in the application, the applicant shall notify the Commission and provide the revised information within 30 days after the change in the information occurs.

Sec. 13. 1. *Each renewable energy system or owner of renewable energy credits who is authorized by the Commission to participate in the system of renewable energy credits shall, not later than 30 days after the last day of the month in the calendar quarter, submit to the Commission or Administrator each calendar quarter information concerning the purchase or sale of renewable energy credits. The amount of electricity reported in the information submitted to the Commissioner or Administrator must be generated solely from, or purchased and attributable to, a renewable energy system which is authorized by the Commission to participate in the system of renewable energy credits pursuant to section 12 of this regulation.*

2. Each provider of electric service shall, not later than 30 days after the end of the calendar quarter, submit to the Administrator a quarterly report which includes the amount of renewable energy and the number of renewable energy credits purchased from each renewable energy system. The report must be submitted on a form prescribed by the Administrator.

Sec. 14. *If a renewable energy system has entered into a contract with a provider of electric service before December 8, 2003, the renewable energy credits generated by the renewable energy system pursuant to the contract must be awarded to the provider, or as otherwise determined in a proceeding conducted pursuant to NAC 704B.300 to 704B.420, inclusive.*

Sec. 15. 1. *Electricity generated by a renewable energy system which is authorized to participate in the system of renewable energy credits must be metered and the renewable energy system shall submit meter readings quarterly to the Commission.*

2. Except as otherwise provided in subsections 3, 4 and 5, the Administrator shall certify renewable energy credits to a renewable energy system for:

(a) The net metered output of electricity in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net metered output must be provided to the Administrator by the entity that owns, operates or controls the meters used to monitor the net metered output of electricity of the renewable energy system.

(b) The difference between the metered generation of electricity in kilowatt-hours and the net metered output of electricity set forth in paragraph (a). Unless otherwise provided for in a contract for renewable energy, the renewable energy credits certified by the Administrator pursuant to this paragraph must be awarded to the owner of the renewable energy system.

3. The Administrator shall certify renewable energy credits for the line loss factor of a customer-maintained distributed renewable energy system by multiplying the metered number of kilowatt-hours generated and used by the customer who is served by the customer-maintained renewable energy system by a factor of 1.15.

4. A solar thermal energy system may use a thermal energy meter to measure the amount of energy generated by the system. The system will be credited with 1 kilowatt-hour of electricity generated for each 3,412 British Thermal Units of heat generated by the solar thermal energy system.

5. A net metering system will be credited quarterly with renewable energy credits based upon the amount of metered electricity generated by the system or, if metering is not used, upon an estimate of the electricity generated by the net metering system by using the method of calculation designated by the regulatory operations staff of the Commission for a solar thermal energy system which does not use a meter to measure the generation of electricity of the system.

6. *The renewable energy credits generated by a net metering system must be assigned to the owner of the net metering system, unless the provisions of subparagraph (2) of paragraph (c) of subsection 2 of NRS 704.775 apply, or another allocation of the renewable energy credits is provided for in a written agreement between the utility provider and the owner of the net metering system.*

7. *As used in this section:*

(a) *“Customer-maintained distributed renewable energy system” means a facility or energy system which:*

(1) Is used and maintained by an end-use customer;

(2) Uses renewable energy to generate electricity;

(3) Does not use the utility’s system to transmit or distribute electricity; and

(4) Uses a meter and other equipment to:

(I) Measure the electricity generated by the energy system; and

(II) Reduce part, but not more than all, of the electrical load of the customer.

(b) *“Solar thermal energy system” means a renewable energy system that uses solar energy for the purpose of producing heat to reduce directly the consumption of electricity.*

Sec. 16. 1. *Each quarterly statement of renewable energy credits certified by the Administrator pursuant to section 15 of this regulation must be identified by a serial number determined by the Administrator as follows:*

(a) The first four digits must represent the year the renewable energy credit is issued.

(b) The next two digits must represent the month the renewable energy credit is issued.

(c) Those digits must be followed by two characters which represent the type of renewable energy.

(d) Those characters must be followed by six characters which represent a unique number assigned to the renewable energy system by the Commission or Administrator.

(e) Those characters must be followed by the appropriate number of digits which represent the amount expressed in thousands of kilowatt-hours of electricity generated by the renewable energy system.

2. Each quarterly statement of renewable energy credits must list by month the metered kilowatt-hours of electricity generated by the renewable energy system or, if the renewable energy system does not use a meter to measure the kilowatt-hours of electricity generated, the estimated amount of electricity generated and the type of renewable energy credit identified in section 15 of this regulation.

3. The unique number assigned to a renewable energy system by the Administrator or Commission pursuant to paragraph (d) of subsection 1 is valid for the life of the renewable energy system and may not be changed regardless of any change in the name or ownership of the system.

Sec. 17. 1. Renewable energy credits certified by the Administrator pursuant to section 15 of this regulation expire 4 years after the compliance year in which the renewable energy credits are certified.

2. The Administrator shall establish and maintain a website on the Internet to provide information concerning transactions for the registration, certification, trading and retiring of renewable energy credits.

3. As used in this section, "compliance year" has the meaning ascribed to it in NAC 704.8839.

Sec. 18. 1. *Upon receipt of a joint request for the transfer of a renewable energy credit from the owner of a renewable energy credit and the proposed purchaser of the renewable energy credit, the Administrator shall transfer the renewable energy credit from the account of the owner to the account specified in the request, unless the credit cannot be transferred. The Administrator shall send a notice of the transfer of the renewable energy credit to the electronic mail addresses of the owner and purchaser within 5 business days after the renewable energy credit is transferred.*

2. If a renewable energy credit cannot be transferred, the Administrator shall, within 15 days after he receives the request for the transfer of a renewable energy credit, notify the owner of the credit and the proposed purchaser, in writing, of the reason why the credit cannot be transferred.

3. The Administrator shall, each month, mail to each participant in the system of renewable energy credits a statement of his account.

Sec. 19. *If the owner of renewable energy credits wishes to retire any such credits from being traded or otherwise transferred before their expiration, his designated representative must submit a request to retire those credits to the Administrator. The Administrator shall maintain records to identify:*

- 1. The renewable energy credits that are retired; and*
- 2. The basis upon which the renewable energy credits are retired.*

Sec. 20. 1. *A utility provider shall:*

(a) Account for renewable energy credits by using General Instruction 21 as set forth in the Uniform System of Accounts of the Federal Energy Regulatory Commission in 18 C.F.R. Part 101, which is hereby adopted by reference. The volume of the Code of Federal

Regulations which contains Part 101 may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 371954, Pittsburgh, Pennsylvania 15250-7954, or toll-free at 866.512.1800, for the price of \$62.

(b) Substitute FERC Account No. 555, which is adopted by reference pursuant to NAC 704.120, for FERC Account Nos. 509, 411.8 and 411.9.

(c) Maintain subaccounts for renewable energy credits that are separate from all other items in FERC Account No. 555.

(d) Apply for the inclusion of any losses or gains from the purchase or sale of renewable energy credits in each deferred energy application filed pursuant to NAC 704.023 to 704.195, inclusive.

2. As used in this section, “FERC account” means an account contained in the Uniform System of Accounts established by the Federal Energy Regulatory Commission.

**NOTICE OF ADOPTION OF PROPOSED REGULATION
LCB File No. R115-03**

The Public Utilities Commission of Nevada adopted regulation assigned LCB File No. R115-03, which pertain to chapter 704 of the Nevada Administrative Code on October 29, 2003.

Notice date: 10/4/2002
Hearing date: 11/8/2002

Date of adoption by agency: 10/29/2003
Filing date: 2/18/2004

INFORMATIONAL STATEMENT

1. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The revisions to NAC 704 regarding the issue of a renewable energy credit program, in Public Utilities Commission (“Commission”) Docket No. 02-5029 were noticed on three occasions: two Notices of Workshop on June 13, and August 23, 2002, and one combined Notice of Intent to Adopt Regulations; Notice of Workshop and Notice of Hearing on October 4, 2002, published in the Elko Daily Free Press, Ely Daily Times, Humboldt Sun, Las Vegas Review Journal, Mineral County Independent, Nevada Appeal, Reno Gazette Journal, and Tonopah Times-Bonanza. Additionally, the notices were mailed to county clerks, county libraries and all persons who requested inclusion on the Commission’s service list. The Commission also sought public comment in a Request for Comments issued June 12, 2002, and a Procedural Order issued August 22, 2002, that was sent to all persons who requested inclusion on the Commission’s service list.

In addition to the public response from affected businesses discussed in #3 below, the following represents a summary of the public responses that were made to the Commission at the duly-noticed workshop held on August 15, 2002: AFL-CIO commented on benefits accruing to small systems on individual homes as being a economic stimulus to develop that market. AFL-CIO and BCP both commented on using certified installers for small solar systems. BP encouraged allowing the individual parties to determine the market price for renewable credits. Several persons, including the utility, brought forth the benefit of using lessons from other jurisdictions to create the Nevada program. Several persons were opposed to the utility owning net-metering credits, but the utility believed that the net-metering credits belonged to the utility.

In addition to the public response from affected businesses discussed in #3 below, the following represents a summary of the public responses that were made to the Commission at the duly-noticed workshop held on September 20, 2002, and continued to September 27, 2002: There was extensive discussion of whether the 1.1 line loss factor introduced by Staff for a distributed resource was accurate. Questions were raised as to the applicability of NRS 704.775 to the REC program. Several persons again encouraged some form of incentive for net-metering though the credits. The issue was raised of the difference between net and gross on some systems, and where this credit should be allocated. GREP and the utility both had concerns over REC for existing contracts.

In addition to the public response from affected businesses discussed in #3 below, the following represents a summary of the public responses that were made to the Commission at the duly-noticed workshop held on November 5, 2002: Concerns were again expressed over the allocation of credits for net-metered systems, and the applicable multiplier for the benefits of small scale distributed generation. Additionally, some initial quantification was presented for calculation of the appropriate multiplier. The utility and others discussed pre-existing contracts and the award of RECs associated with them, particularly any RECs for the difference of net and gross generation.

In addition to the public response from affected businesses discussed in #3 below, the following represents a summary of the public responses that were made to the Commission at the duly-noticed hearing held on November 8, 2002: Most of the same issues discussed at the November 5th workshop were addressed again. Concerns were again expressed over the allocation of credits for net-metered systems, and the applicable multiplier for the benefits of small scale distributed generation. Additionally, some further discussion of the quantification that was presented for calculation of the appropriate multiplier. The utility and others discussed pre-existing contracts and the award of RECs associated with them, particularly any RECs for the difference of net and gross generation.

A copy of the summary may be obtained by calling the Commission at (775) 687-6001 or (702) 486-2600, or by writing to the Commission at 1150 East William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

2. The number of persons who:

(a) Attended the workshop:

August 15, 2002:	19
September 20, 2002:	18
September 27, 2002:	15
November 5, 2002:	15

(b) Testified at the workshop:

August 15, 2002:	13
September 20, 2002:	8
September 27, 2002:	8
November 5, 2002:	8

(c) Attended the hearing:

November 8, 2002:	15
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(d) Submitted to the agency written comments:

Written Comments were submitted to the Commission by Staff; the Bureau of Consumer Protection (“BCP”); Sierra Pacific and Nevada Power; Barrick Goldstrike; BP plc; Global Renewable Energy Partners (“GREP”); Presco Energy; Nevada State AFL-CIO; Reliant Energy Renewables; Advanced Thermal Systems (“ATS”); Land and Water Fund of the Rockies; and Powerlight Corporation.

3. A description of how comment was solicited from affected businesses, a summary of their response, and an explanation of how other interested persons may obtain a copy of the summary.

Comments were solicited from affected businesses by notices placed in the newspapers mentioned in the response to question #1 above, by direct mailings to interested persons on the Commission's mailing list and by posting of notices at county libraries, courthouses and the Commission's website.

Appearances were made at the foregoing workshops and hearing by interested persons, including Staff, BCP, Sierra Pacific and Nevada Power, Barrick, Reliant, AFL-CIO, Caithness Operating Company, Land and Water Fund, ATS, BP, Powerlight, Presco, GREP, and Joseph Johnson.

Written responses were received as set forth in the response to question 2(d) above.

The first series of written comments were filed with the Commission from August 2 through August 5, 2002 following the Commission's Request for Comments. The second series of comments was filed on September 18, 2002 following the Commission's Procedural Order and the proposed regulation filed by Staff on September 11, 2002. The final series of comments were filed with the Commission from November 4, 2002 through the hearing on November 8, 2002.

The comments included the following issues of concern: 1) who the correct owner of RECs associated with pre-existing contracts should be; 2) addition of provisions for RECs for customers departing the regulated utility system pursuant to AB661; 3) what the correct multiplier is for system benefits for net metering customers; 4) distinction of solar and non-solar RECs to meet the individual portfolio standard for each; 5) the correct recipient of RECs associated with a home net-metering system, and any associated incentives that could be created; 6) provisions for out-of-state renewable generation; and, 7) the creation of RECs for net versus gross generation to compensate for station usage.

4. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.

Multiple changes were made to the regulation as filed by Staff on September 11, 2002, again to the noticed regulation on October 4, 2002, and before it was adopted as temporary by the Commission at a duly noticed general session on November 20, 2002. In its review of the adopted temporary regulation, the Legislative Counsel Bureau ("LCB") made several changes. The LCB's revised version of the temporary regulation was adopted as permanent by the Commission at a duly noticed general session on October 29, 2003.

5. The estimated economic effect of the adopted regulation on the business which it is to regulate and on the public. These must be stated separately, and each case must include:
(a) Both adverse and beneficial effects; and

(b) Both intermediate and long-term effects.

The Commission has found that the regulation does not impose a direct and significant burden upon businesses and the public in Nevada based on the following facts: (1) participation in the credit trading program in the regulation is entirely voluntary; and (2) the effect of the requirement does not impose a direct and significant economic burden upon small businesses, nor does it restrict the formation, operation, or expansion of a small business.

6. The estimated cost to the agency for enforcement of the adopted regulation.

At this time, the Commission cannot quantify what, if any, estimated cost it will incur to enforce the adopted regulation.

7. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

The Commission is not aware of any overlap or duplication by this regulation of any regulation of any other local, state or federal government agencies.

8. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of such provisions.

The Commission is not aware of any provision in this regulation that is more stringent than a federal regulation which regulates the same activity.

9. If the regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The Commission is not aware of any provision in this regulation that provides for a new fee, or increases an existing fee.