

LCB File No. R115-03

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

(This proposed regulation was previously adopted as LCB File No. T016-02)

Docket No. 02-5029

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

Authority: NRS 703.025, 704.7801-704.7828 inclusive.

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 24, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 15, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *"Compliance year" means a calendar year that begins on January 1 and ends on December 31. This term does not include any calendar year that begins before January 1, 2003.*

Sec. 4. *"Commission" means the Public Utilities Commission of Nevada.*

Sec. 5. *"Customer-maintained distributed renewable energy system" is a facility or energy system used and maintained by an end-use customer that uses renewable energy to generate electricity, that does not transmit electricity over the utility transmission or distribution systems but utilizes utility meters and associated equipment to measure the electrical output of the energy system, and that is used to offset some, but not more than all, of the customer's electrical load.*

Sec. 6. *"Designated representative" is a person legally authorized by the owner of a renewable energy system to represent that renewable energy system before the commission.*

Sec. 7. *"Portfolio standard" has the meaning ascribed to it in NRS 704.7805.*

Sec. 8. *"Provider of electric service" or "provider" has the meaning ascribed to it in NRS 704.7808.*

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

Sec. 10. *“Renewable Energy” has the meaning ascribed to it in NRS 704.7811.*

Sec. 11. *“Renewable energy credit (REC)” is the unit of credit represented by the production of one kilowatt-hour (kWh) of electrical generation by a renewable energy system. For a solar thermal offset facility, the REC is the unit of credit represented by the equivalent of electrical generation that has been offset at the facility by the operation of the solar thermal facility. For net metering systems, the REC is the unit of credit represented by either metered production, or if production metering is not installed, a reasonable estimate of the production of such systems pursuant to section 20(4).*

Sec. 12. *“Renewable energy credit account” is the account maintained by the REC trading program administrator for the purpose of tracking the production, sale, transfer and retirement of RECs.*

Sec. 13. *“REC trading program administrator” or “administrator” is the entity appointed by the Commission to administrate the REC trading program.*

Sec. 14. *“Retirement” is the process by which the REC trading program administrator removes RECs from circulation.*

Sec. 15. *“Utility provider” means a provider of electric service that is a public utility.*

Sec. 16. *Renewable Energy Credits (RECs) may be used to comply with NRS 704.7801 through 704.7828.*

Sec. 17. *In order to participate in the REC trading program pursuant to this rule, a renewable energy system or REC owner must apply to the Commission for authorization.*

1. *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 current telephone number and mailing address of the applicant.*

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

(d) The name, phone number, address and e-mail of the designated representative.

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

(f) Type of renewable energy system.

(g) The rated nameplate capacity.

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

(i) Estimated yearly production in kilowatt-hours.

(j) Location and type of metering. Specify primary metering or secondary metering at multiple sites.

(k) If fossil fuel is used as an energy source to generate electricity, what percentage of the total input to the renewable energy system is fossil fuel. If more than two percent of the total input, as measured in British thermal units, is used by the renewable energy system to generate electricity, then state the percentage and whether separate metering is practical.

(l) Information demonstrating that the renewable energy system meets the eligibility requirements set forth in NRS 704.7815.

(m) A signature page signed by an authorized agent which states that the renewable energy system will submit to the commission's jurisdiction, for the purposes of participating in the renewable energy credit trading program.

2. If any information contained in the application changes, the applicant must notify the commission and supply updated information within 30 days of the occurrence of the change.

Sec. 18. *Renewable energy systems and REC owners that have been authorized to participate by the commission must submit quarterly production data or REC purchase and sale information to the commission or the REC trading program administrator, no later than 30 days after the last day of the month in the calendar quarter. The reported quantities shall be solely produced from, or purchased and attributable to, a renewable energy system as so designated by the commission.*

1. Each provider must submit to the administrator a quarterly report which states the amount of renewable energy and the number of RECs purchased from each renewable energy system in a form specified by the administrator.

Sec. 19. *For renewable energy systems under contract before the effective date of this regulation, the RECs generated by the renewable energy system pursuant to the contract shall be awarded to the provider of electric service, or as otherwise determined in a proceeding pursuant to NAC 704B.010 through NAC 704B.420.*

Sec. 20. *RECs shall be certified in the following manner:*

1. Electricity produced by an authorized renewable energy system shall be metered and meter readings shall be submitted to the commission quarterly.

(a) Except as provided in subsections 20(2), 20(3), and 20(4), the administrator shall certify RECs to a renewable energy system for the net metered output in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net metered output shall be provided to the administrator by the entity that either owns, operates, or controls the meters utilized for monitoring the net metered output of the renewable energy system.

(b) Except as provided in subsections 20(2), 20(3), and 20(4), the administrator shall certify RECs to a renewable energy system for the difference between the metered production in kilowatt-hours and the net metered output set forth in subsection 20(1)(a). Unless otherwise stated by renewable energy contract, the RECs certified in this subsection shall be awarded to the owner of the renewable energy system.

2. The administrator shall certify RECs for a customer-maintained distributed renewable energy system line loss factor at 1.15 times the metered number of kilowatt-hours produced and used by the customer served by the customer-maintained distributed renewable energy system.

3. Solar thermal energy systems that meet the requirements of NRS 704.7815, may use a thermal energy meter to measure the energy output of the system. Such systems will be credited with 1 kWh of electricity produced for each 3,412 British Thermal Units of heat produced by the solar thermal system.

4. Net metering systems pursuant to NRS 704.771 will be credited RECs quarterly based upon metering data if available, or on a reasonable estimate of the production of such systems using National Renewable Energy Laboratory's calculation PV Watts II for solar systems without production metering. The RECs generated by a net metering system shall be assigned to the owner of the net metering system, unless NRS 704.775(2)(c)(2) applies, or another allocation is provided for by written mutual agreement between the utility provider and the owner of the net metering system.

5. Each quarterly REC statement issued by the administrator shall be identified by a unique serial number determined as follows:

(a) Year, four digits, signifying the year the REC was issued.

(b) Month, two digits, signifying the month the REC was issued.

(c) Type of renewable resource, two characters, signifying the type of resource.

(d) Facility ID number, 6 characters, signifying a unique ID number assigned to the renewable energy system by the commission or the administrator.

(e) REC number, 10 digits, signifying the amount (in thousands) of kWh generated.

(f) Held for future use, 2 characters.

6. Each quarterly REC statement shall list by month the metered kWh produced by the renewable energy system, or for non-metered renewable energy systems, the calculated output, and the type of renewable energy credit identified in subsections 20(1) through 20(4).

7. The Facility ID number shall be fixed for the renewable energy systems' lifetime, and shall therefore remain constant regardless of changes in the renewable energy systems' name or ownership. Renewable energy systems must file changes of name, ownership, or other relevant certification information to the commission as soon as practicable after such change has occurred.

8. RECs are valid for a period of four compliance years following the compliance year in which the REC was issued.

9. The administrator shall maintain a publicly accessible website for the purpose of posting transactions for the registration, certification, trading and retiring of RECs.

Sec. 21. *Transfers of ownership of RECs:*

1. Upon receipt of a joint request from the owner of a REC and a purchaser of the REC, the administrator will transfer the REC from the owner's account to the account specified in the transfer request. Transfers shall be notified by e-mail.

2. If a request for transfer cannot be executed, the administrator will notify the requesting entities within 15 days of the reason.

3. A monthly statement of each account shall be mailed to each participant.

Sec. 22. *Retiring of RECs:*

1. A REC owner's designated representative must submit retirement requests to the administrator. The administrator shall maintain records to identify all RECs that have been retired and to identify the basis on which RECs were retired. RECs shall be retired due to mandatory compliance with NRS. 704.7801 through 704.7828, voluntary retirement, or expiration.

Sec. 23. *Utility Provider Accounting for Renewable Energy Credits (RECs):*

1. A utility provider shall account for RECs using general instruction 21 as described in the FERC System of Accounts in 18 CFR 101, except that account 555 shall be substituted for accounts 509, 411.8 and 411.9.

2. Accounting for RECs under subsection 1 shall be in separate subaccounts distinct from all other items in such accounts.

3. A utility provider shall apply for the inclusion of any losses or gains from the purchase or sale of RECs in each application for deferred energy under NRS 704.110 and 704.187 and NAC 704.023 through 704.195.

Sec. 24. *Sections 1 to 23 of this regulation cease to be effective after August 1, 2005, unless self-supporting funding for the program described therein is approved by the Nevada Legislature.*