

**ADOPTED REGULATION OF THE PUBLIC**

**UTILITIES COMMISSION OF NEVADA**

**LCB File No. R210-03**

§§1-27, 30 and 31 effective May 21, 2004  
§§21 and 25 expire by limitation on June 30, 2007  
§§28 and 29 effective July 1, 2007

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

AUTHORITY: §§1, 2, 5-7 and 12-16; NRS 702.170, 703.025 and 704.210; §§3, 4, 8-11 and 17, NRS 702.170, 703.025, 704.210 and 704B.200; §§18, 20, 22-24 and 30, NRS 703.025, 704.210 and 704.7828; §§19, 26-29, NRS 703.025, 704.210, 704.7821 and 704.7828; §§21, 25, 31, NRS 703.025, 704.210, 704.7821, 704.7828 and section 19 of Assembly Bill No. 431 of the 72nd Session of the Nevada Legislature, chapter 331, Statutes of Nevada 2003, at page 1870, as amended by section 18 of Assembly Bill No. 32 of the 72nd Session of the Nevada Legislature, chapter 478, Statutes of Nevada 2003, at page 3034.

A REGULATION relating to utility service; providing for the collection of the universal energy charge by utilities, alternative sellers, providers of discretionary natural gas service and providers of new electric resources; providing for the transfer of renewable energy credits to providers of electric service under certain circumstances; authorizing a utility provider to establish a rebate program relating to the construction of renewable energy systems; revising provisions relating to solar thermal systems and the calculation of equivalent kilowatt hours attributable to solar water heating systems; providing a program of incentives that must be offered to participants in the Solar Energy Systems Demonstration Program; providing formulas pursuant to which certain renewable energy credits must be certified; and providing other matters properly relating thereto.

**Section 1.** Chapter 702 of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 7, inclusive, of this regulation.

**Sec. 2.** *“Alternative seller” has the meaning ascribed to it in NRS 704.994.*

**Sec. 3.** *“Approved eligible customer” means an eligible customer which has received approval from the Commission pursuant to chapter 704B of NRS to purchase energy, capacity or ancillary services from a provider of new electric resources.*

Sec. 4. *“Eligible customer” has the meaning ascribed to it in NRS 704B.080.*

Sec. 5. *“Provider of discretionary natural gas service” means a provider of discretionary natural gas service required to collect fees, taxes or assessments from its customers pursuant to NRS 704.9901.*

Sec. 6. *“Provider of new electric resources” has the meaning ascribed to it in NRS 704B.130.*

Sec. 7. *“UEC collector” means:*

1. *A public utility;*
2. *A municipal utility;*
3. *An alternative seller; or*
4. *A provider of discretionary natural gas service.*

Sec. 8. NAC 702.150 is hereby amended to read as follows:

702.150 As used in NAC 702.150 to 702.450, inclusive, *and sections 2 to 7, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 702.180, 702.190 and 702.200 *and sections 2 to 7, inclusive, of this regulation*, have the meanings ascribed to them in those sections.

Sec. 9. NAC 702.320 is hereby amended to read as follows:

702.320 1. The amount of the universal energy charge due from a retail customer must be based on the quantity of natural gas and the quantity of electricity as measured by a meter read on a date within the calendar quarter.

2. The bill from a ~~public utility, municipal utility or other provider or transporter of natural gas or electricity~~ *UEC collector or a provider of new electric resources* is the primary evidence

of the metered quantity of natural gas, the metered quantity of electricity and the date on which the meter was read.

**Sec. 10.** NAC 702.330 is hereby amended to read as follows:

702.330 1. Except as otherwise provided in subsection 2 ~~[, a public utility or municipal utility]~~:

*(a) A UEC collector shall use the phrase “Universal Energy Charge” to set forth the universal energy charge as a separate item or entry on the bill of each retail customer as required by NRS 702.160 ~~[,]~~, 704.9901 or 704.9985, as appropriate.*

*(b) A provider of new electric resources shall use the phrase “Universal Energy Charge” to set forth the universal energy charge as a separate item or entry on the bill of each approved eligible customer as required by NRS 704B.360.*

2. If it is not reasonably possible for a ~~[public utility or municipal utility]~~ *UEC collector or provider of new electric resources* to use the phrase “Universal Energy Charge” to set forth the universal energy charge as a separate item or entry on the bill of each retail customer ~~[, the public utility or municipal utility]~~ *or approved eligible customer, the UEC collector or provider of new electric resources* may apply to the Commission for approval to use an alternative phrase.

**Sec. 11.** NAC 702.340 is hereby amended to read as follows:

702.340 Not later than 30 calendar days after the end of each calendar quarter, each ~~[public utility and municipal utility]~~ *UEC collector and approved eligible customer* shall:

1. Complete a ~~[utility collection]~~ *UEC* report on the appropriate form obtained from the Commission;

2. Submit the completed ~~[utility collection]~~ *UEC* report to the Commission; and

3. Remit with the completed ~~[utility-collection]~~ *UEC* report the amount due from retail customers *or the approved eligible customer, as appropriate*, for the universal energy charge for that calendar quarter.

**Sec. 12.** NAC 702.350 is hereby amended to read as follows:

702.350 1. Except as otherwise provided in subsection 2, a ~~[public-utility]~~ *UEC collector* is required to pay the universal energy charge on any therm of natural gas or any kilowatt-hour of electricity that the ~~[public-utility]~~ *UEC collector* consumes in conducting its utility business.

2. A ~~[public-utility]~~ *UEC collector* is not required to pay the universal energy charge on:

(a) Any kilowatt-hour of electricity consumed by the ~~[public-utility]~~ *UEC collector* at an electric generating plant or unit.

(b) Any therm of natural gas consumed by the ~~[public-utility]~~ *UEC collector* at an electric generating plant or unit.

(c) Any therm of natural gas consumed by the ~~[public-utility]~~ *UEC collector* to directly support the delivery of natural gas to retail customers, including, without limitation, any therm of natural gas consumed by the ~~[public-utility]~~ *UEC collector* for pressure regulation.

3. Except as otherwise provided in NAC 702.370, not later than 30 calendar days after the end of each calendar quarter, a ~~[public-utility]~~ *UEC collector* that is required to pay the universal energy charge pursuant to this section shall:

(a) Complete a retail customer report on the appropriate form obtained from the Commission;

(b) Submit the completed retail customer report to the Commission; and

(c) Remit with the completed retail customer report the amount due from the ~~[public-utility]~~ *UEC collector* for the universal energy charge for that calendar quarter.

**Sec. 13.** NAC 702.360 is hereby amended to read as follows:

702.360 Except as otherwise provided in NAC 702.370, not later than 30 calendar days after the end of each calendar quarter, each retail customer which does not use the distribution services of a ~~public utility or municipal utility~~ *UEC collector* to acquire natural gas or electricity that is subject to the universal energy charge shall:

1. Complete a retail customer report on the appropriate form obtained from the Commission;
2. Submit the completed retail customer report to the Commission; and
3. Remit with the completed retail customer report the amount due from the retail customer for the universal energy charge for that calendar quarter.

**Sec. 14.** NAC 702.370 is hereby amended to read as follows:

702.370 1. A single retail customer or multiple retail customers under common ownership and control may prepay in the amount of \$25,000 the maximum universal energy charge for any calendar quarter. To prepay the maximum universal energy charge for any calendar quarter, not later than 15 calendar days before the first day of the calendar quarter, the single retail customer or multiple retail customers under common ownership and control must:

- (a) Complete a prepayment report on the appropriate form obtained from the Commission;
- (b) Submit the completed prepayment report to the Commission; and
- (c) Remit with the completed prepayment report the maximum universal energy charge in the amount of \$25,000.

2. If ~~the~~ *a* single retail customer or multiple retail customers under common ownership and control prepay the maximum universal energy charge for the calendar quarter in accordance with this section:

(a) The Commission will provide notice to each affected ~~[public utility or municipal utility]~~ *UEC collector* and direct that ~~[each such utility]~~ *the UEC collector* not collect the universal energy charge from ~~[each such]~~ *the single* retail customer *or multiple retail customers under common ownership and control* for that calendar quarter; and

(b) ~~[Each such]~~ *The single* retail customer ~~is~~:

~~— (1) Is] or multiple retail customers under common ownership and control:~~

*(1) Are* excused from further liability for the universal energy charge for that calendar quarter; and

*(2) [Is] Are* not entitled to a refund of any portion of the prepaid \$25,000 on the basis that the actual consumption of natural gas and electricity by the single retail customer or multiple retail customers under common ownership and control did not result in liability for the maximum universal energy charge for that calendar quarter.

3. If a single retail customer or multiple retail customers under common ownership and control have prepaid the maximum universal energy charge for the current calendar quarter but do not timely prepay the maximum universal energy charge for the next calendar quarter, the Commission will provide notice to each affected ~~[public utility or municipal utility]~~ *UEC collector* and direct that ~~[each such utility]~~ *the UEC collector* collect the universal energy charge from ~~[each such]~~ *the* retail customer *or multiple retail customers under common ownership and control* beginning with the calendar quarter for which the maximum universal energy charge was not timely prepaid.

**Sec. 15.** NAC 702.380 is hereby amended to read as follows:

702.380 1. Except as otherwise provided in NAC 702.370, a single retail customer or multiple retail customers under common ownership and control that have paid the universal energy charge may:

(a) Request a refund of any amount paid for the universal energy charge which exceeds \$25,000 for a calendar quarter;

(b) Request a refund of any amount paid for the universal energy charge on:

(1) Any therm of natural gas used as a source of energy to generate electricity; or

(2) Any kilowatt-hour of electricity used in industries utilizing electrolytic-manufacturing processes; or

(c) Request a refund of the universal energy charge for any other lawful reason.

2. To request a refund pursuant to this section, not later than 90 calendar days after the end of the calendar quarter for which the refund is requested, the single retail customer or multiple retail customers under common ownership and control must:

(a) Complete a request for refund on the appropriate form obtained from the Commission; and

(b) Submit the completed request for refund to the Commission and include with the completed request for refund all the following:

(1) A statement setting forth the amount of the refund requested based upon quantities of natural gas and electricity billed during the calendar quarter.

(2) A statement setting forth all grounds upon which the request for refund is based.

(3) All evidence relied upon to support the request for refund, including copies of bills, documents and affidavits, evidence of full payment of bills and any other information or documentation requested by the Commission.

(4) A signed release authorizing the Commission or its Regulatory Operations Staff to request and receive a payment history for the affected accounts for the relevant calendar quarter or calendar quarters from any ~~[public utility, municipal utility or other provider or transporter of natural gas or electricity.]~~ *UEC collector.*

(5) A statement, signed under penalty of perjury, that:

(I) The request for refund is made in good faith;

(II) The person submitting the request for refund is authorized to make the request for refund on behalf of the single retail customer or multiple retail customers under common ownership and control; and

(III) The request for refund does not duplicate or seek a refund on the same ground as or of the same payment as any previously submitted request for refund, unless the request for refund is expressly identified as an amendment of or otherwise relates directly to a previously submitted request for refund.

3. If a request for refund is submitted properly, the Commission will:

(a) Review and make a determination on the request for refund;

(b) Certify the amount of the refund, if any; and

(c) Provide a written copy of its determination and any certification to:

(1) The person submitting the request for refund on behalf of the single retail customer or multiple retail customers under common ownership and control; and

(2) The Welfare Division to process payment of the refund, if any.

4. All refunds certified by the Commission must be paid from the fund without interest.

**Sec. 16.** NAC 702.390 is hereby amended to read as follows:



702.390 1. A single retail customer or multiple retail customers under common ownership and control which claim that they are exempted from paying the universal energy charge may make a request for exemption.

2. To make a request for exemption, the single retail customer or multiple retail customers under common ownership and control must:

(a) Complete a request for exemption on the appropriate form obtained from the Commission; and

(b) Submit the completed request for exemption to the Commission and include with the completed request for exemption sufficient evidence, legal support and information to support the request for exemption.

3. The single retail customer or multiple retail customers under common ownership and control have the burden of proving that they are entitled to the exemption under Nevada law.

4. If a request for exemption is submitted properly, the Commission will:

(a) Review and make a determination on the request for exemption as soon as practicable;

(b) Certify the exemption, if any; and

(c) Except as otherwise provided in this paragraph, at least 7 calendar days before the first day of the next calendar quarter, provide a written copy of its determination and any certification to:

(1) The person submitting the request for exemption on behalf of the single retail customer or multiple retail customers under common ownership and control; and

(2) Any ~~public utility or municipal utility~~ *UEC collector* affected by the exemption, if certified.

↪ If the Commission is unable to make a determination on the request for exemption or provide a written copy of its determination and any certification on the request for exemption at least 7 calendar days before the first day of the next calendar quarter, the Commission will take those actions at least 7 calendar days before the first day of the calendar quarter immediately following the next calendar quarter.

5. If the Commission certifies an exemption pursuant to this section, each affected ~~public utility or municipal utility~~ *UEC collector* shall apply the exemption only to billings issued during calendar quarters following the calendar quarter in which the exemption is certified. The single retail customer or multiple retail customers under common ownership and control may request a refund pursuant to NAC 702.380 of any amounts billed by a ~~public utility or municipal utility~~ *UEC collector* during the calendar quarter in which the exemption is certified.

6. If the Commission certifies an exemption, in whole or in part, for any therms of natural gas used as a source of energy to generate electricity or any kilowatt-hours of electricity used in industries utilizing electrolytic-manufacturing processes, each retail customer receiving the certified exemption is required to pay the universal energy charge on any therms of natural gas or kilowatt-hours of electricity consumed by the retail customer which are not subject to the certified exemption and which are not otherwise exempt from the universal energy charge for any other lawful reason.

7. If the nature or scope of the operation or business of any retail customer receiving a certified exemption changes in any material manner which may affect the nature or scope of the certified exemption, not later than 15 calendar days after the changes occur, the retail customer shall submit to the Commission a written report identifying the nature and scope of the changes.

After receiving the written report, the Commission will determine whether to reconsider the nature and scope of the certified exemption.

**Sec. 17.** NAC 702.430 is hereby amended to read as follows:

702.430 1. A copy of any form that is required to be used pursuant to NAC 702.150 to 702.450, inclusive, may be:

- (a) Obtained at the Internet website of the Commission at <<http://www.puc.state.nv.us>>;
- (b) Obtained at an office of the Commission; or
- (c) Obtained from the Commission by a written request sent to the principal office of the Commission in Carson City, Nevada, by United States mail or other messenger or delivery service.

2. The available forms include:

- (a) ~~Utility collection report;~~ *UEC report;*
- (b) Retail customer report;
- (c) Prepayment report;
- (d) Request for refund; and
- (e) Request for exemption.

**Sec. 18.** Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as sections 19, 20 and 21 of this regulation.

**Sec. 19. 1.** *As an alternative to transferring renewable energy credits directly to providers of electric service, renewable energy credits generated by renewable energy systems may be transferred to an aggregator of renewable energy credits.*

2. *As used in this section, “aggregator of renewable energy credits” means a person who obtains renewable energy credits and then transfers those credits in aggregate to providers of electric service.*

**Sec. 20.** *A utility provider may establish a rebate program to assist and provide an incentive to residential customers in the construction of renewable energy systems.*

**Sec. 21. 1.** *A utility shall offer each participant in the Solar Energy Systems Demonstration Program the following incentives for installing and operating a solar renewable energy system:*

*(a) For the program year beginning July 1, 2004, an incentive of \$5 per watt produced by the solar renewable energy system;*

*(b) For the program year beginning July 1, 2005, an incentive of \$4 per watt produced by the solar renewable energy system; and*

*(c) For the program year beginning July 1, 2006, an incentive of \$3 per watt produced by the solar renewable energy system.*

2. *If a participant:*

*(a) Accepts an incentive offered by a utility pursuant to subsection 1, the participant shall transfer the certified renewable energy credits associated with the solar renewable energy system to the utility.*

*(b) Does not accept an incentive offered by a utility pursuant to subsection 1, the participant may transfer the certified renewable energy credits associated with the solar renewable energy system to the utility by signing a standardized contract for a term of not less than 10 years unless the parties agree to a contract with a shorter term.*

3. *A utility may recover all expenditures which it incurs in administering the Solar Energy Systems Demonstration Program in a proceeding before the Commission pursuant to subsection 7 of NRS 704.110.*

4. *Nevada Power Company and Sierra Pacific Power Company shall jointly develop a standardized contract for contracting with participants in the Solar Energy Systems Demonstrations Program for the purposes of paragraph (b) of subsection 2. The standardized contract must be submitted to and approved by the Commission.*

5. *As used in this section:*

(a) *“Participant” has the meaning ascribed to it in section 9 of chapter 331, Statutes of Nevada 2003, at page 1868.*

(b) *“Solar Energy Systems Demonstration Program” means the Solar Energy Demonstration Systems Program created by section 14 of chapter 331, Statutes of Nevada 2003, at page 1868, as amended by section 17 of chapter 478, Statutes of Nevada 2003, at page 3033.*

(c) *“Utility” has the meaning ascribed to it in section 13 of chapter 331, Statutes of Nevada 2003, at page 1868.*

**Sec. 22.** NAC 704.8831 is hereby amended to read as follows:

704.8831 As used in NAC 704.8831 to 704.8893, inclusive, *and sections 19 and 20 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.8833 to 704.8867, inclusive, have the meanings ascribed to them in those sections.

**Sec. 23.** NAC 704.8863 is hereby amended to read as follows:

704.8863 ~~[1.]~~ “Solar thermal system” means an energy system that:

~~[(a) Displaces the use of electricity generated from nonrenewable energy]~~

**1. Reduces the consumption of electricity, natural gas or propane** by using solar radiation to heat water or provide space heating or cooling and meets the requirements of NAC 704.8893; or

~~2.~~ **2.** Uses solar radiation in a combined-cycle operation to increase the electric output of an electric generating plant or unit.

~~2.—The term includes, without limitation:~~

~~—(a) A solar thermal electric system.~~

~~—(b) A solar thermal energy system that reduces the consumption of electricity.]~~

**Sec. 24.** NAC 704.8893 is hereby amended to read as follows:

704.8893 1. A solar thermal system which ~~[displaces the use of electricity generated from nonrenewable energy]~~ **reduces the consumption of electricity, natural gas or propane** and which is used as a solar water heating system qualifies as a renewable energy system only if the solar water heating system is certified by the SRCC . ~~[and is installed in conjunction with an electric water heater in a location where natural gas is unavailable.]~~ To calculate the number of equivalent kilowatt-hours attributable to the solar water heating system, the provider must use:

(a) ~~[A]~~ **For a solar water heating system that is not rated by the SRCC, a thermal energy meter;** ~~[or~~

~~—(b) If the]~~

**(b) For a solar water heating system [is not metered with] which has an SRCC rating of 34 million British thermal units or more, a thermal energy meter [;]; or**

**(c) For a solar water heating system which has an SRCC rating of less than 34 million British thermal units, a thermal energy meter or** the annual performance estimates of the SRCC for the solar water heating system.

2. A solar thermal system which ~~[displaces the use of electricity generated from nonrenewable energy]~~ *reduces the consumption of electricity, natural gas or propane* and which is used for a purpose other than as a solar water heating system qualifies as a renewable energy system only if the Commission determines that the provider can adequately measure or estimate the number of equivalent kilowatt-hours attributable to the solar thermal system.

**Sec. 25.** NAC 704.8901 is hereby amended to read as follows:

704.8901 As used in NAC 704.8901 to 704.8937, inclusive, *and section 21 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 704.8903 to 704.8917, inclusive, have the meanings ascribed to them in those sections.

**Sec. 26.** NAC 704.8913 is hereby amended to read as follows:

704.8913 “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 *consumption of electricity, natural gas or propane* 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]~~ 7 of NAC 704.8927.

**Sec. 27.** NAC 704.8927 is hereby amended to read as follows:

704.8927 1. ~~[Electricity]~~ *Except as otherwise provided in NAC 704.8893, electricity* generated by a renewable energy system which is authorized to participate in the system of

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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,]~~ *to 10, inclusive*, 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. *The Administrator shall certify renewable energy credits for participants in the Solar Energy Systems Demonstration Program created in section 14 of chapter 331, Statutes of Nevada 2003, at page 1868, as amended by section 17 of chapter 478, Statutes of Nevada 2003, at page 3033, by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.*



*5. The Administrator shall certify renewable energy credits for solar photovoltaic systems described in NRS 704.7822 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.*

*6. The Administrator shall certify renewable energy credits for a system that uses a reverse polymerization process described in NRS 704.7823 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 0.7.*

7. 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.]~~ 8. 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.]~~ 9. 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.]~~ 10. *If the Administrator is required by subsections 4, 5 and 6 to apply a multiplier in certifying renewable energy credits for a renewable energy system and he determines that*

*more than one multiplier may be applicable to the renewable energy system, the Administrator shall only apply the largest applicable multiplier in certifying the renewable energy credits.*

**11.** 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) *“Reverse polymerization process” has the meaning ascribed to it in NRS 704.7823.*

(c) “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 ~~it~~, *natural gas or propane.*

**Sec. 28.** Section 26 of this regulation is hereby amended to read as follows:

Sec. 26. NAC 704.8913 is hereby amended to read as follows:

704.8913 “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 consumption of electricity, natural gas or propane that is reduced at the facility by the operation of the solar facility.

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(Proof  
against § 26)

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 ~~7~~ 6 of NAC 704.8927.

**Sec. 29.** Section 27 of this regulation is hereby amended to read as follows:

Sec. 27. NAC 704.8927 is hereby amended to read as follows:

704.8927 1. Except as otherwise provided in NAC 704.8893, 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 to ~~10~~ 9, inclusive, 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.

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against § 27)

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. [The Administrator shall certify renewable energy credits for participants in the Solar Energy Systems Demonstration Program created in section 14 of chapter 331, Statutes of Nevada 2003, at page 1868, as amended by section 17 of chapter 478, Statutes of Nevada 2003, at page 3033, by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.~~

~~5.]~~ The Administrator shall certify renewable energy credits for solar photovoltaic systems described in NRS 704.7822 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.

~~[6.]~~ 5. The Administrator shall certify renewable energy credits for a system that uses a reverse polymerization process described in NRS 704.7823 by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 0.7.

~~[7.]~~ 6. 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.

~~[8.]~~ 7. 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 energy system which does not use a meter to measure the generation of electricity of the system.

~~[9-]~~ 8. 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.

~~[10-]~~ 9. If the Administrator is required by subsections 4 ~~[, 5 and 6]~~ and 5 to apply a multiplier in certifying renewable energy credits for a renewable energy system and he determines that more than one multiplier may be applicable to the renewable energy system, the Administrator shall only apply the largest applicable multiplier in certifying the renewable energy credits.

~~[11-]~~ 10. 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) “Reverse polymerization process” has the meaning ascribed to it in NRS 704.7823.

(c) “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, natural gas or propane.

**Sec. 30.** NAC 704.8861 is hereby repealed.

**Sec. 31.** 1. This section and sections 1 to 27, inclusive, and 30 of this regulation become effective on May 21, 2004.

2. Sections 21 and 25 of this regulation expire by limitation on June 30, 2007.

3. Sections 28 and 29 of this regulation become effective on July 1, 2007.

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**TEXT OF REPEALED SECTION**

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**704.8861 “Solar renewable energy system” defined. (NRS 703.025, 704.210, 704.7828)**

1. “Solar renewable energy system” means a renewable energy system that uses solar radiation as its direct source of energy.

2. The term, includes, without limitation:

(a) A photovoltaic system.

(b) A solar thermal electric system.

(c) A solar thermal system.

**NOTICE OF ADOPTION OF PROPOSED REGULATION**  
**LCB File No. R210-03**

The Public Utilities Commission of Nevada adopted regulations assigned LCB File No. R210-03 which pertain to chapters 702 and 704 of the Nevada Administrative Code on April 16, 2004.

**Notice date:** 2/19/2004

**Hearing date:** 3/30/04 (APA); 4/16/2004 (Commission)

**Date of adoption by agency:** 4/16/2004

**Filing date:** 5/21/2004

**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.**

Proceedings concerning investigation into and development of proposed revisions to NAC 702 and 704 regarding changes to the Public Utilities Commission's ("Commission's") regulations regarding the changes to the Commission's regulations as a result of AB 32, AB 296, AB 429, and AB 431 in Commission Docket No. 03-8010 were noticed on three occasions. A Notice of Workshop was issued on August 28, 2003. Combined Notices of Intent to Amend/Adopt Regulations, Notices of Workshop, and Notices of Hearing were issued on November 13, 2003, and February 19, 2004. The foregoing notices were 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 the form of a Request for Comments issued on August 28, 2003. The Commission also sought comment on the proposed regulations in the form of the Combined Notices of Intent to Amend/Adopt Regulations, Notices of Workshop, and Notices of Hearing mentioned above. The Request for Comments was 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.

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 24, 2003: The Southern Nevada Water Authority ("SNWA") requested that the regulations clarify what renewable projects are eligible for renewable energy credits ("RECs"). The Colorado River Commission ("CRC") agreed with the comments of the SNWA. Sierra Pacific Power Company and Nevada Power Company (collectively, the "Companies") echoed the comments of the SNWA. The Attorney General's Bureau of Consumer Protection ("BCP") expressed a desire that the regulations make the REC trading process easily accessible to the average consumer. The Regulatory Operations Staff ("Staff") of the Commission referred to its filed comments as speaking for itself. Several public witnesses expressed the desire to participate in the REC trading program and supported regulations that made such participation meaningful and easily accessible.

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 March 16, 2004: Joseph Johnson commented on several modifications he suggested be made to the proposed regulation. Mr. Johnson stated that thermal energy meters could be used to measure the output of most, if not all, thermal energy systems; commented on the need for a pricing mechanism for RECs; and commented on several corrections that should be made to the wording of the regulation. The Companies commented on their desire to keep the REC trading program accessible and affordable to consumers. THE BCP agreed with Mr. Johnson's comments. Staff pointed out several grammatical errors in the proposed regulation and recommended eliminating the 1,000 kW/hour increment for RECs.

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 March 30, 2004: Staff commented on several modifications it suggested be made to the proposed regulation. Among other minor changes and corrections, Staff proposed an incentive program for renewable projects and suggested the use of thermal energy meters for measuring the output of thermal energy systems. The BCP suggested that the proposed incentive program be restricted to participants in the Solar Energy Demonstration Program and that a standard contract be developed for participants in the program. Joseph Johnson agreed with Staff's suggested changes as to thermal energy meters and with the BCP's comments. The Companies expressed opposition to a standard contract being used for participants in the Solar Energy Demonstration Program. The BCP expressed concern as to the correct proceeding for recovery of expenses incurred by the utilities in implementing the Solar Energy Demonstration Program. The Nevada State AFL-CIO agreed with Mr. Johnson's comments.

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:**
    - September 24, 2003: 17
    - March 16, 2004: 6
  - (b) Testified at the workshop:**
    - September 24, 2003: 12
    - March 16, 2004: 6
  - (c) Attended the hearing:**
    - March 30, 2004: 7
  - (d) Testified at the hearing:**
    - March 30, 2004: 6



**(e) Submitted to the agency written comments:**

Written Comments were submitted to the Commission by Staff, BCP, jointly by PowerLight Corporation and Western Resource Advocates, Dresser Waukesha Corp., Sunrise Sustainable Resources Group, jointly by the Companies, Joseph Johnson, and jointly by Lawrence and Mary Marshall.

**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, the Companies, the SNWA, the CRC, the Nevada State AFL-CIO, Dresser Waukesha Corp., Joseph Johnson, Thelma Clark, Larry Marshall, Mike Mitchell, Suzanne Johnson, Carl Teller.

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

Written comments were filed with the Commission on September 19, 2003; September 22, 2003; December 22, 2003; December 29, 2003; December 31, 2003; March 11, 2004; and March 12, 2004, pursuant to Commission issued Requests for Comments.

The comments generally included the following issues of concern: promoting public participation in the REC trading program, promoting the development of and participation in the Solar Energy Demonstration Program, and ensuring the regulation captures the intent of the subject statutes.

**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 November 13, 2003/February 19, 2004, noticed regulation after the March 16, 2004, Workshop and March 30, 2004, Hearing, and before it was adopted by the Commission at a duly noticed agenda meeting on April 16, 2004. In its review of the November 13, 2003/February 19, 2004, noticed regulation, the LCB made several changes. These changes were discussed at the March 30, 2004, Hearing. The majority of the LCB's revisions were maintained, and some were modified after the aforementioned Workshop and Hearing.

**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 in each case must include:**

- (a) Both adverse and beneficial effects; and**
- (b) Both intermediate and long-term effects.**

The Commission completed a small business impact statement pursuant to NRS 233B.0608. Staff found that the proposed regulations do not impose a direct and significant economic burden upon small businesses nor do they directly restrict the formation, operation, or expansion of a small business. Staff stated that the regulation simply effectuates the statutory mandates of AB 32, AB 296, AB 429, and AB 431. The regulation modifies and expands the REC trading program, which is voluntary program. The public and businesses are not required to participate. Staff found no adverse effects upon small businesses.

Electric utility providers, the subject business of the regulation, are not required to participate in the REC trading program. The REC trading program is designed to benefit the electric utility providers by allowing another option for fulfilling their statutory renewable energy portfolio obligation. The Solar Energy Demonstration Program is a temporary program - three years in duration. The regulation proposes incentives to be offered by the Companies to participants in this program. The cost of these incentives will be recovered as detailed in the regulation. The regulation also addresses the payment of the Universal Energy Charge (“UEC”). Those companies who leave the system of the electric utility providers via NRS 704B are required to continue paying the UEC. So, these businesses will not be adversely affected by the regulation, but are merely required to continue payment of the UEC.

The regulation allows the public the opportunity to benefit economically from the REC trading program. The regulation provides incentives for participants in the Solar Energy Demonstration Program, a mechanism for development of a standard contract for participation in the Solar Energy Demonstration Program, and multipliers for the calculation of RECs derived from certain renewable energy sources. As previously mentioned the Solar Energy Demonstration Program is temporary, but the REC trading program is a long-term program providing the public an opportunity to benefit economically from the development of renewable energy sources.

The Commission cannot estimate the specific economic effect in dollars of the entire regulation upon the public or businesses at this time. The incentive program for the Solar Energy Demonstration Program, if fully utilized, will provide approximately \$17.5 million in incentives to the public from the electric utility providers.

**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.