

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

**LCB File No. R175-07**

Effective April 17, 2008

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

AUTHORITY: §§1-17, 19, 22-25, 27-29, NRS 701B.200 and 703.025; §18, NRS 701B.200, 701B.220 and 703.025; §§20 and 21, NRS 701B.200, 701B.210 and 703.025; §26, NRS 703.025, 704.210, 704.7821, 704.7828 and section 19 of chapter 331, Statutes of Nevada 2003, as amended by section 18 of chapter 478, Statutes of Nevada 2003.

A REGULATION relating to energy; adopting certain federal regulations by reference; providing definitions regarding the Solar Energy Systems Incentive Program; providing for incentives for participants in the Program; providing requirements for the annual plan filed in regard to the Program; providing requirements for solar energy systems used for the Program; providing requirements for the master application filed in regard to the Program; providing requirements for accounting 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 3 to 24, inclusive, of this regulation.

**Sec. 2.** *The Public Utilities Commission of Nevada hereby adopts by reference from the Uniform System of Accounts of the Federal Energy Regulatory Commission the account identified as Other Regulatory Assets, FERC Account No. 182.3. This account is contained in 18 C.F.R. Parts 101 and 201, and the volume of the Code of Federal Regulations containing these parts may be purchased from the Superintendent of Documents, United States Government Printing Office, P.O. Box 979050, St. Louis, Missouri 63197-9000, or toll-free at (866) 512-1800, for the price of \$62.*

*Sec. 3. 1. The Commission or the presiding officer may allow deviation from the provisions of this chapter if:*

*(a) Good cause for the deviation appears;*

*(b) The person requesting the deviation provides a specific reference to each provision of this chapter from which deviation is requested; and*

*(c) The Commission finds that the deviation is in the public interest and is not contrary to statute.*

*2. As used in this section, “presiding officer” has the meaning ascribed to it in NAC 703.090.*

*Sec. 4. As used in sections 4 to 24, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 5 to 17, inclusive, of this regulation have the meanings ascribed to them in those sections.*

*Sec. 5. “Applicant” has the meaning ascribed to it in NRS 701B.030.*

*Sec. 6. “Category” has the meaning ascribed to it in NRS 701B.040.*

*Sec. 7. “Commission” has the meaning ascribed to it in NRS 701B.050.*

*Sec. 8. “Participant” has the meaning ascribed to it in NRS 701B.080.*

*Sec. 9. “Program year” has the meaning ascribed to it in NRS 701B.100.*

*Sec. 10. “Public and other property” has the meaning ascribed to it in NRS 701B.110.*

*Sec. 11. “School property” has the meaning ascribed to it in NRS 701B.130.*

*Sec. 12. “Small business” has the meaning ascribed to it in NRS 701B.140.*

*Sec. 13. “Solar energy system” has the meaning ascribed to it in NRS 701B.150.*

*Sec. 14. “Solar Program” has the meaning ascribed to it in NRS 701B.160.*

Sec. 15. *“Solar Program rate” means the rate established pursuant to section 23 of this regulation.*

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

Sec. 17. *“Utility” has the meaning ascribed to it in NRS 701B.180.*

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.*

**Sec. 19.** *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 schedule describing major program milestones;*

*2. A budget with the following categories:*

*(a) Incentives;*

*(b) Contractor costs;*

*(c) Marketing costs;*

*(d) Training costs; and*

*(e) Utility administrative costs;*

*3. 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) The number of applications filed in each Solar Program category;*

*(b) The number of participants enrolled in the Solar Program and the number who have dropped out of the Solar Program;*

*(c) The annual budget and expenditures;*

*(d) Any remaining financial obligations at the end of a program year;*

*(e) A list of completed installations;*

*(f) A summary of marketing results; and*

*(g) A description of training and educational activities;*

*4. A description of the application process, including, without limitation:*

*(a) The procedures to be followed by the utility and the applicant;*

*(b) 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;*

*(c) 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. The total of all incentives proposed to be paid for the program year;*

*6. A detailed advertising plan;*

*7. An education and training plan;*

*8. 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.*

**Sec. 20. 1. For all Solar Program categories:**

*(a) A solar energy system must be located on property within the Nevada service territory of a participating utility; and*

*(b) A solar energy system must have:*

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

*(2) A 7-year product warranty for the inverters, limited to material; and*

*(3) A 20-year product warranty for the solar panels, limited to material.*

*2. For the private residential property or small business property category, the solar energy system must be on property owned by the participant.*

**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.*

**Sec. 22. 1.** *All reasonable and prudent costs associated with carrying out and administering the Solar Program must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. The utility must account for the costs and revenues in the following manner:*

(a) *Calculate, on a monthly basis, the costs incurred and revenues received in the Solar Program since the end of the test period in its last proceeding to change the Solar Program rate;*

(b) *Record the cost of the Solar Program in a separate subaccount of FERC Account No. 182.3 and make an appropriate offset to other subaccounts;*

(c) *Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the incentives, contractor costs, marketing costs, training costs and utility administrative costs associated with the Solar Program;*

*(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the rate established pursuant to section 23 of this regulation to recover the Solar Program cost; and*

*(e) Apply a carrying charge at the rate of 1/12 of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.*

*2. The utility's labor costs and overhead costs related to the Solar Program must be recovered in a general rate case filing.*

**Sec. 23.** *1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 9 of NRS 704.110 a revised Solar Program rate. The rate must be calculated by adding the following two components:*

*(a) A prospective rate determined by dividing the total costs in the Solar Program annual plan by the projected kilowatt-hours for the program year; and*

*(b) A clearing rate determined by dividing the cumulative balance in the Solar Program subaccount of FERC Account No. 182.3 at the end of the deferred energy test period as defined in NAC 704.063 by the test period kilowatt-hour sales.*

*2. The Commission will allow recovery of all prudent Solar Program costs included in the subaccount of FERC Account 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Solar Program rate accordingly.*

**Sec. 24.** *Not later than 150 days after the annual plan is filed pursuant to section 19 of this regulation, the Commission will issue an order approving the annual plan with such modifications and upon such terms and conditions as the Commission finds necessary or appropriate to facilitate the Program.*

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



704.8901 As used in NAC 704.8901 to ~~704.8939,~~ 704.8937, inclusive, 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 704.8927 is hereby amended to read as follows:

FIRST  
PARALLEL  
SECTION

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 portfolio 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 12, inclusive, the Administrator shall certify portfolio energy credits to a portfolio energy system or efficiency measure 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 portfolio 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 portfolio energy credits for the line loss factor of:

(a) 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 distributed renewable energy system by a factor of 1.05; and

(b) An energy efficiency measure by multiplying the number of kilowatt-hours saved by the energy efficiency measure by a factor of 1.05.

4. The Administrator shall certify portfolio energy credits for participants in the Solar Energy Systems ~~[Demonstration]~~ *Incentive* Program created in ~~[section 14 of chapter 331, Statutes of Nevada 2003, as amended by section 17 of chapter 478, Statutes of Nevada 2003,]~~ *NRS 701B.240* by multiplying the actual kilowatt-hours produced by the solar renewable energy system by a factor of 2.4.

5. The Administrator shall certify portfolio 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 portfolio 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 renewable energy system by a factor of 0.7.

7. The Administrator shall certify portfolio energy credits for electricity saved by a utility provider during its peak load periods, as defined in the utility provider's approved tariffs, from energy efficiency measures described in NRS 704.7802, by multiplying each kilowatt-hour of electricity saved by the utility provider during its peak load period from energy efficiency measures by a factor of 2.0.

8. 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.

9. Except as otherwise provided in this subsection, the energy, measured in British thermal units, generated by a geothermal energy system providing heated water to one or more customers must be calculated as  $(F \times T) \times 500$ , less the system losses as calculated by a professional engineer and accepted by the Administrator, where:

(a) “F” equals the flow rate, measured in gallons per minute; and

(b) “T” equals the change in temperature across a heat exchanger or system, measured by the difference in temperature of the incoming fluid in degrees Fahrenheit and the temperature of the outgoing fluid in degrees Fahrenheit after it has passed through the heat exchanger or system.

↪ For heat exchangers used by end-use customers, it is assumed that no system losses occur, and no calculation of system losses by a professional engineer is required.

10. A net metering system will be credited annually with portfolio 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.

11. The portfolio energy credits generated by a net metering system must be assigned to the owner of the net metering system, unless the provisions of ~~[subparagraph (4) of paragraph (c) of subsection 2 of NRS 704.775 or subparagraph 3 of paragraph (c)]~~ **paragraph (a)** of subsection 3 of NRS 704.775 apply, or another allocation of the portfolio energy credits is provided for in a written agreement between the utility provider and the owner of the net metering system.

12. If the Administrator is required by subsections 4 to 7, inclusive, to apply a multiplier in certifying portfolio energy credits for a portfolio energy system or efficiency measure and he determines that more than one multiplier may be applicable to the portfolio energy system or

efficiency measure, the Administrator shall only apply the largest applicable multiplier in certifying the portfolio energy credits.

13. 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) “Geothermal energy system” means an energy system that provides geothermally heated water to one or more customers and reduces the consumption of electricity or any fossil fuel.

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

(d) “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. 27.** Section 31 of LCB File No. R210-03, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on May 21, 2004, as amended by section 43 of LCB File No. R167-05, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on February 23, 2006, is hereby amended to read as follows:

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, 2010.~~

~~3.—Sections]~~ **Section** 28 ~~[and 29]~~ of this regulation ~~[become]~~ **becomes** effective on July 1, 2010.

**Sec. 28.** Section 44 of LCB File No. R167-05, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on February 23, 2006, is hereby amended to read as follows:

Sec. 44. 1. This section and sections 1 to 23, inclusive, 25 to 29, inclusive, and 31 to 43, inclusive, of this regulation become effective on February 23, 2006.

2. Sections 23, 29 and 36 of this regulation expire by limitation on June 30, 2010.

3. ~~[Sections]~~ **Section** 24 ~~[and 30]~~ of this regulation ~~[become]~~ **becomes** effective on July 1, 2010.

**Sec. 29.** 1. NAC 704.8939 is hereby repealed.

2. Section 29 of LCB File No. R210-03, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on May 21, 2004, and section 30 of LCB File No. R167-05, which was adopted by the Public Utilities Commission of Nevada and was filed with the Secretary of State on February 23, 2006, are hereby repealed.

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**TEXT OF REPEALED SECTIONS**

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**704.8939 Participation in Solar Energy Systems Demonstration Program: Incentives; transfer of credits; recovery of expenditures; standardized contract; applications.**

**[Effective through June 30, 2010.] (NRS 703.025, 704.210, 704.7821, 704.7828, § 19 of ch. 331, Stats. 2003, as amended by § 18 of ch. 478, Stats. 2003)**

1. Except as otherwise provided in subsection 2, 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;

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

(d) For the program year beginning July 1, 2007, an incentive of \$5 per watt produced by the solar renewable energy system for those participants who qualify under the schools category or other public buildings category of the program and an incentive of \$3 per watt produced by the solar renewable energy system for those participants who qualify under the private residences and small businesses category of the program;

(e) For the program year beginning July 1, 2008, an incentive of \$5 per watt produced by the solar renewable energy system for those participants who qualify under the schools category or other public buildings category of the program and an incentive of \$2.50 per watt produced by the solar renewable energy system for those participants who qualify under the private residences and small businesses category of the program; and

(f) For the program year beginning July 1, 2009, an incentive of \$5 per watt produced by the solar renewable energy system for those participants who qualify under the schools category or other public buildings category of the program and an incentive of \$2 per watt produced by the solar renewable energy system for those participants who qualify under the private residences and small businesses category of the program.

2. Nevada Power Company and Sierra Pacific Power Company may jointly petition the Commission to increase the rebate levels to the participants who qualify under the private residences and small businesses category of the program if that category becomes undersubscribed in any program year.

3. If a participant:

(a) Accepts an incentive offered by a utility pursuant to subsection 1, the participant shall transfer the certified portfolio 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 portfolio 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.

4. 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 9 of NRS 704.110.

5. Nevada Power Company and Sierra Pacific Power Company shall jointly develop a standardized contract for contracting with participants in the Solar Energy Systems Demonstration Program for the purposes of paragraph (b) of subsection 3. The standardized contract must be submitted to and approved by the Commission.

6. SolarGenerations or a successor organization which implements the Solar Energy Systems Demonstration Program may submit one master application through the Nevada Task Force for Renewable Energy and Energy Conservation to the Commission for review and approval each year. The master application must be an aggregation of the individual applications prospective participants in the Solar Energy Systems Demonstration Program have filed with SolarGenerations or a successor organization.

7. SolarGenerations or a successor organization may accept individual applications from schools and other public buildings for participation in the Solar Energy Systems Demonstration Program at any time during the applicable program year.

8. As used in this section:

(a) "Participant" has the meaning ascribed to it in section 9 of chapter 331, Statutes of Nevada 2003.

(b) "Solar Energy Systems Demonstration Program" means the Solar Energy Demonstration Systems Program created by section 14 of chapter 331, Statutes of Nevada 2003, as amended by section 17 of chapter 478, Statutes of Nevada 2003.



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

**Section 29 of LCB File No. R210-03:**

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.

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.

**Section 30 of LCB File No. R167-05:**

Sec. 30. 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~~ *portfolio* 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 ~~9,~~ *10*, inclusive, the Administrator shall certify ~~renewable~~ *portfolio* energy credits to a ~~renewable~~ *portfolio* energy system *or efficiency measure* 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~~ *portfolio* 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~~ *portfolio* energy credits for the line loss factor of ~~fa~~ :

(a) 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 *distributed* renewable energy system by a factor of ~~1.15~~ *1.05*; *and*

(b) *An energy efficiency measure by multiplying the number of kilowatt-hours saved by the energy efficiency measure by a factor of 1.05.*

4. The Administrator shall certify ~~renewable~~ *portfolio* 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.

5. The Administrator shall certify ~~renewable~~ *portfolio* 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.

6. *The Administrator shall certify portfolio energy credits for electricity saved by a utility provider during its peak load periods, as defined in the utility provider's approved tariffs, from energy efficiency measures described in NRS 704.7802, by multiplying each kilowatt-hour of electricity saved by the utility provider during its peak load period from energy efficiency measures by a factor of 2.0.*

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.

~~[7.]~~ 8. A net metering system will be credited ~~[quarterly with renewable]~~ *annually with portfolio* 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.

~~[8. The renewable]~~

9. *The portfolio* 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)]~~ (4) of paragraph (c) of subsection 2 of NRS 704.775 *or subparagraph 3 of paragraph (c) of subsection 3 of NRS 704.775* apply, or another allocation of the ~~[renewable]~~ *portfolio* energy credits is provided for in a written agreement between the utility provider and the owner of the net metering system.

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

~~[10.]~~ 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, natural gas or propane.

**NOTICE OF ADOPTION OF PROPOSED REGULATION  
LCB File No. R175-07**

The Public Utilities Commission of Nevada adopted regulations assigned LCB File No. R175-07 which pertain to chapter 701B and 704 of the Nevada Administrative Code.

**INFORMATIONAL STATEMENT**

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

Copies of the proposed regulations, notice of intent to act upon the regulation and notice of workshop and hearing were sent by U.S. mail and email to persons who were known to have an interest in the subject of the Solar Energy Systems Incentive Program (“Solar Program”), the Wind Energy Systems Demonstration Program (“Wind Program”), and the Waterpower Energy Systems Demonstration Program (“Water Program”). These documents were also made available at the website of the Public Utilities Commission (“PUC”), <http://pucweb1.state.nv.us/PUCN/>, mailed to all county libraries in Nevada, published in the following newspapers:

Elko Daily Free Press  
Las Vegas Review Journal  
Nevada Appeal  
Reno Gazette Journal  
Tonopah Times-Bonanza

and posted at the following locations:

Public Utilities Commission  
1150 East William Street  
Carson City, NV 89701

First Judicial District Court  
885 East Musser Street  
Carson City, Nevada 89701

Eighth Judicial District Court  
Regional Justice Center  
200 Lewis Avenue  
Las Vegas, NV 89155

Public Utilities Commission  
101 Convention Center Drive, Suite 250  
Las Vegas, NV 89109



Second Judicial District Court  
75 Court Street  
Reno, NV 89501

Participants in the workshops and hearing (“Participants”) discussed changes in the Solar Energy Systems Incentive Program to address the rate of attrition among participants in the demonstration phase of the program.

Participants discussed an error in the language in NRS 701B.630 regarding the Wind Program, which places responsibility for conducting a duly noticed hearing on the Task Force for Renewable Energy and Energy Conservation (“Task Force”) rather than the PUC. In NRS 701B.270, and NRS 701B.890, the parallel sections for the Solar Program and the Water Program respectively, responsibility for conducting a duly noticed hearing is correctly placed on the PUC rather than the Task Force.

Participants discussed an error in NRS 701B.830, in which the responsibility for administration and delivery of the Water Program is placed on the Task Force, but should be placed on the utility. Participants discussed another error in NRS 701B.740 regarding the Water Program, in which “participant” in the program is defined incorrectly to be a person selected by the Commission rather than the Task Force. The regulations define participants in the Water Program correctly as selected by the Task Force at Section 5 of LCB File No. 173-07.

Participants discussed rebates for each of the three programs, and whether participants in the program should pay a fee. Participants discussed whether it would be appropriate to require certain participants installing solar energy systems to purchase certain warranties for those systems. Participants discussed the appropriate accounting for the programs, how costs should be represented to ratepayers on statements, and the proceeding in which the utilities should apply to recover the costs of implementing the programs. Participants discussed the order of the entire process from beginning to end of each program year, and particularly the time allowed for the Commission to issue an order regarding a utility’s annual plan for each program.

Participants discussed a section of the Solar Program regulations to address deviation from the regulations in NAC Chapter 701B for good cause.

A copy of the transcript of the proceedings is available for review at the office of the PUC, 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

**2. The number of persons who:**

- (a) attended each hearing:** January 4, 2008 - 5
- (b) testified at each hearing:** December 12, 2007 - 5
- (c) submitted to the agency written comments:** 3

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

Comments were solicited from affected businesses in the same manner as they were solicited from the public.

The summary may be obtained as instructed in the response to question #1.

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.**

The permanent regulations were adopted on January 24, 2008. The regulations were revised to implement changes discussed at the workshop and hearing.

5. **The estimated economic effect of the adopted regulation on the businesses 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;**
  - (b) **Both immediate and long-term effects;**

(a) Both adverse and beneficial effects:

No adverse effects of the proposed regulations on small businesses or on the public are anticipated. However, the costs of implementing the programs may be recovered by utilities in rates.

Small businesses and other members of the public may benefit from applying to participate in the programs and thereby offsetting the cost of their electricity.

(b) Both immediate and long-term effects:

See Item #5(a).

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

There is no additional cost to the agency for enforcement of these regulations.

7. **A description of any regulation 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.**

These regulations do not overlap or duplicate any federal, state, or local regulations.

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

N/A

- 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.**

N/A

- 10. If the proposed regulation is likely to impose a direct and significant economic burden upon a small business or directly restrict the formation, operation or expansion of a small business? What methods did the agency use in determining the impact of the regulation on a small business?**

The PUC determined that the proposed regulations do not impose a direct and significant economic burden upon a small business or restrict the formation, operation or expansion of a small business. In making this determination, the PUC adopted the findings of the Regulatory Operations Staff, which conducted a Delphi Method exercise to determine the impacts. The Delphi Method is a systematic, interactive, forecasting method based on independent inputs of selected experts.

**BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA**

Investigation and rulemaking to adopt, amend, or repeal )  
regulations pertaining to Chapter 701B of the Nevada )  
Administrative Code regarding the Solar Incentive ) Docket No. 07-06026  
Program, Wind Demonstration and Waterpower )  
Demonstration programs and other related utility )  
matters in accordance with Senate Bill 437. )  
\_\_\_\_\_ )

At a general session of the Public Utilities  
Commission of Nevada, held at its offices  
on January 24, 2008.

PRESENT: Chairman Jo Ann P. Kelly  
Commissioner Rebecca D. Wagner  
Commissioner Sam A. Thompson  
Commission Secretary Crystal Jackson

**ORDER ADOPTING PROPOSED REGULATIONS AS PERMANENT**

The Public Utilities Commission of Nevada (“Commission”) makes the following  
findings of fact and conclusions of law:

1. On June 14, 2007, the Commission opened a rulemaking to adopt, amend, or  
repeal regulations pertaining to Chapter 701 B of the Nevada Administrative Code regarding the  
Solar Incentive Program (“Solar Program”), Wind Demonstration and Waterpower  
Demonstration Programs and other related utility matters in accordance with Senate Bill 437.

This matter was designated as Docket No. 07-06026.

2. This rulemaking was opened pursuant to the Nevada Revised Statutes (“NRS”)  
and the Nevada Administrative Code Chapters 233B, 701B, 703, and 704.

3. On June 20, 2007, the Presiding Officer issued a Notice of Request for Comments  
and Proposed Regulations.

4. On July 20, 2007, the Presiding Officer received Comments from the Regulatory  
Operations Staff (“Staff”) of the Commission, Nevada Power Company (“NPC”) and Sierra

Pacific Power Company (“SPPC”). The Attorney General’s Bureau of Consumer Protection (“BCP”) filed a Notice of Intent to Participate.

5. On August 1, 2007, the Presiding Officer received Reply Comments from the BCP, Staff, NPC and SPPC.

6. A workshop was held on September 11, 2007.

7. On September 25, 2007, the participants filed Consensus Comments Regarding Warranties Applicable to the Solar Energy Systems Incentive Program.

8. On November 1, 2007, the Presiding Officer sent proposed regulations regarding the Solar Incentive Program, Wind Demonstration and Waterpower Demonstration programs to the Legislative Counsel Bureau (“LCB”). The LCB designated the proposed regulations as LCB File Nos. R173-07, R174-07, and R175-07.

9. On November 5, 2007, the Presiding Officer issued a Procedural Order. The proposed regulations were attached. Staff was directed to conduct an investigation pursuant to NRS 233B.0608 to determine whether the proposed regulations issued by the Presiding Officer are likely to: (a) impose a direct and significant economic burden upon a small business; or (b) directly restrict the formation, operation or expansion of a small business.

10. On November 15, 2007, the Presiding Officer issued Procedural Order No. 2, requesting more information about the warranty language proposed by the participants who filed Consensus Comments Regarding Warranties Applicable to the Solar Energy Systems Incentive Program on September 25, 2007.

11. On November 30, 2007, following Staff’s recommendation at Agenda 24-07, the Commission issued an Order finding 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.

12. On November 30, 2007, the LCB returned the proposed regulations to the Commission in revised form. The revisions did not affect the Small Business Impact evaluation.

13. On December 13, 2007, Comments regarding the warranty provisions in the Solar Energy Systems Incentive Program regulations were filed by Staff, the BCP, NPC and SPPC.

14. On December 18, 2007, the Commission issued a Notice of Intent to Act Upon a Regulation and Notice of Hearing for the Adoption, Amendment and Repeal of Regulations of the Public Utilities Commission of Nevada.

15. On December 28, 2007, the Presiding Officer received Comments from Staff, the BCP, NPC and SPPC.

16. A duly noticed workshop was held January 3, 2008. Appearances were made by: Staff, the BCP, NPC and SPPC, Nevada Renewable Energy & Energy Conservation Task Force, Clark County, Bombard Electric, and the Las Vegas Chapter of the American Solar Energy Society.

17. A duly noticed hearing was held January 4, 2008. Appearances were made by Staff, the BCP, NPC and SPPC.

18. Based on the oral and written comments of the participants as well as further internal review, the Presiding Officer revised the proposed regulations to add language regarding accounting for the three programs, to correct and add information about rebates, to add a section allowing deviation from the regulations for good cause, to set a time limit on the Commission's order regarding the utility's annual plan, and to add a definition for a rate for each program. The proposed regulations, attached hereto as Attachments 1a – Wind Energy Systems Demonstration Program, 1b – Waterpower Energy Systems Demonstration Program, and 1c – Solar Energy Systems Incentive Program, are the Legislative Counsel Bureau version identified as LCB File No. R173-07, R174-07, and R175-07 dated November 30, 2007, with the changes made pursuant to the workshop and hearing included as underlined text.

19. The Commission finds that it is in the public interest to adopt as permanent the proposed regulations attached hereto and incorporated herein as Attachments 1a, 1b, and 1c.

THEREFORE, based on the foregoing findings of fact and conclusions of law, it is hereby ORDERED that:

1. The proposed regulations, attached hereto and incorporated herein as Attachments 1a – Wind Energy Systems Demonstration Program, 1b – Waterpower Energy Systems Demonstration Program, and 1c – Solar Energy Systems Incentive Program, are ADOPTED AS PERMANENT regulations pursuant to NRS 233B.063.

2. The Commission retains jurisdiction for the purpose of correcting any errors that may have occurred in the drafting or issuance of the Order.

By the Commission,

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JO ANN P. KELLY, Chairman

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REBECCA D. WAGNER, Commissioner and  
Presiding Officer

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SAM A. THOMPSON, Commissioner

Attest: \_\_\_\_\_  
CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

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(SEAL)