

LCB File No. R184-09

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

Docket No. 09-07014

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

AUTHORITY:

A REGULATION:

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 _ to _, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections _ to _, 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~~ 16. “Utility” has the meaning ascribed to it in NRS 701B.180.

Sec. X. *“Host Customer” means either the utility customer of record at the location where the generating equipment will be located, or a person who has been designated by the utility customer of record in a letter to the utility explaining the relationship the person who is on the utility service bill and interconnection agreement to the Host Customer. The Host Customer shall be a party to any agreement or contract with the utility regarding the Solar Program.*

Sec. X. *“System Owner” is the owner of the generating equipment at the time the incentive is paid. In the case of a third-party-owned system (or leased system, for example), the third party (or lessor) is the System Owner.*

Sec. X. 1. For residential and small business applications;

(a) a Reservation Request Form Package may be submitted once the Host Customer has executed a contract with a Solar Contractor or has received a purchase order demonstrating proof of purchase of solar generating equipment. The Reservation Request Form must have signatures of the Applicant, Host Customer and System Owner (if different from the Host Customer). The Reservation Request Form shall be accompanied by the following documentation: a copy of the Executed Agreement of Solar Energy System Purchase and Installation and a copy of Executed Alternative System Ownership Agreement (if the System Owner is not also the Host Customer).

(b) If an application is found to be incomplete or requires clarification, the utility shall request additional information. Applicants have 20 calendar days to respond to the request with the necessary information. If after 20 calendar days the Applicant has not submitted the requested information, the application will be cancelled. The Applicant is not precluded from resubmitting the project to the utility for an incentive. All resubmitted application packages will be treated as new applications and will be processed in sequence with other new applications. Incentive funds are not reserved until the utility receives all information and documentation required for the Reservation Request and the project is approved.

(c) Once received, the utility will review the application package for completeness and determine eligibility. Once the utility approves the reservation request, the utility will issue a Confirmed Reservation Notice, confirming that a specific incentive amount is reserved for the project. The system must be purchased, installed, and put into operation by the Reservation Expiration Date as listed in the Confirmed Reservation Notice. The Confirmed Reservation Notice will list the specific reservation dollar amount, the approved kW capacity of the project, and the Reservation Expiration Date.

(d) Applicants have 12 months to complete the installation of a solar system once they have received a Confirmed Reservation Notice from the utility.

(e) After the solar energy system is purchased, installed, and put into operation, the Applicant should submit the Incentive Claim Form and the required supporting documentation. The Incentive Claim Form Package must have signatures of the Applicant,

the Host Customer and the System Owner (if different from the Host Customer), and should be submitted with any documentation deemed necessary by the Commission.

Sec. X. 1. For schools, public, and other property;

(a) Once a Reservation Request Form package is determined to be complete and eligible, the utility will reserve funds allocated for a specified system size, and will send an initial Reservation Notice to the Applicant. The initial Reservation Notice documents that an incentive amount has been reserved for a project. The initial Reservation Notice will list, at a minimum, the approved incentive amount and the date by which the Proof of Project Milestone package must be submitted to secure the reservation, and all required documentation that must be submitted with it.

(b) The initial Reservation is valid only until the Proof of Project Milestone date. Within 60 days after the initial Reservation Notice, schools, public and other property entities must submit the Proof of Project Milestone checklist and a copy of the RFP or other solicitation for the installation of the Project. Then, schools, public and other property entities will have an additional 180 days to provide the entire Proof of Project Milestone package. Once the Applicant has sufficiently demonstrated that the Project is advancing, the utility will issue a Confirmed Reservation Notice. The Applicant will have 12 months to complete the project from the date that the initial Reservation Notice is issued.

(c) Within 60 calendar days of the date on the initial Reservation Notice, the Proof of Project Milestone package with all supporting documentation must be submitted to demonstrate to the utility that the Project is progressing and that there is a sustained commitment to complete the Project within the allowed timeline. Once the Applicant has successfully met Proof of Project Milestone requirements, the utility will issue a Confirmed Reservation with a Reservation Expiration Date of 12 months from the initial Reservation Notice.

(d) The following documentation must be submitted on or before the Proof of Project Milestone date indicated in the initial Reservation Notice:

1. Completed Proof of Project Milestone Checklist;

2. *Copy of executed contract for System Purchase and Installation;*
3. *Copy of Executed Alternative System Ownership Agreement (if System Owner is different than Host Customer); and*
4. *Copy of RFP or Solicitation (Government, Non-Profit, and Public Entities only).*

(e) Once Applicants have successfully met the Proof of Project Milestones requirements, the utility will issue a Confirmed Reservation Notice.

(f) If submitted Proof of Project Milestone documentation is received by the Proof of Project Milestone Date but requires clarification or is missing required documentation, the utility will request the information necessary to process that application further. Applicants have 20 calendar days to respond with the necessary information. If, after 20 calendar days, the Applicant has not submitted the requested information, the application will be cancelled.

(g) After the solar energy system is purchased, installed, and put into operation, the Applicant should submit the Incentive Claim Form and the required supporting documentation. The Incentive Claim Form Package must have signatures of the Applicant, the Host Customer and the System Owner (if different from the Host Customer), and should be submitted with any documentation deemed necessary by the Commission.

~~Sec. [18] 17. [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. X. 1. The utility shall offer to a Host Customer an incentive in the form of a rebate. Any retail distribution customer of a participating electric utility may apply for an incentive. The person who applies for the incentive can be a Host Customer, a System Owner, and/or an Applicant. The project site must be located in the service territory of the electric utility.

2. The incentive payment levels shall automatically be reduced over the duration of the Solar Program in 12 steps, based on the volume of kW of confirmed reservations. The incentives shall gradually phase out over the 12 steps. The duration of that phase-out will be dependent on when the utility reaches its kW goal. The amount of the incentive is set for each step of the program as follows:

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

3. The utility shall calculate its progress toward meeting the required number of kW of confirmed reservations for a given step using the number of kW proposed for a project in the

Application. Projects are included in the calculation of total kW in a step once they are deemed eligible and have been issued a confirmed reservation. When the number of kW allocated through the confirmed reservations reaches its maximum within any particular step, the utility will move to the next step. If a step goal is reached prior to the end of a program year, the utility shall suspend the program until the beginning of the new program year.

4. If there are any kW that remain unused and unaccounted for in any previous steps, due to events such as Applicants dropping out of the process or reducing the size of their systems, those kW will be added to the current step under which the utility is issuing reservations and incentives, thus increasing the number in that step and ensuring that no kW are left outstanding. When kW drop out of the current step, those kW will be returned to the current step. Any reallocation of kW from a higher step to a lower step due to drop outs or system size reductions can take place as long as the reallocation is consistent with how the kW were initially reserved for either residential or non-residential projects.

5. If an Host Customer installs a system that has greater kW capacity than the amount of kW in its confirmed reservation, the Host Customer shall receive the incentive level in its confirmed reservation for only the kW capacity described in the confirmed reservation. Incentive dollars may be paid to the Host Customer for the excess kW capacity at the current step level applicable to new applications.

6. The utility shall provide updates to its website as close as possible to real time and no less than weekly to indicate the total kW available for incentives at each step and in each customer sector, including those kW newly available due to reallocations. The residential and non-residential customer categories may meet step goals at different times due to different levels of participation.

Sec. X. 1. Once a Project is completed, Applicants may request payment of the Solar Program Incentive amount listed on their Incentive Claim Form. A Project is considered completed when it is completely installed, interconnected, permitted, paid for, and capable of producing electricity in the manner and in the amounts for which it was designed.

2. To receive the incentive, all Solar Program requirements must be met and a complete Incentive Claim Form package submitted prior to the Reservation Expiration Date.

3. If an Incentive Claim Form package is incomplete or is found to require clarification, the utility will request the information necessary to process that application further. Applicants have 20 calendar days to respond to the requested clarification with the necessary information. If after 20 calendar days, the Applicant has not submitted the requested information, the request for payment may be denied. If an Incentive Claim Form package is not received by the expiration date of the Incentive Claim Form, or the Incentive Claim Form package indicates that the Project is otherwise ineligible, the utility will send a written notice stating the reasons why the Project is ineligible and the Project will be rejected. If this is the case, the Applicant or Host Customer may reapply for an incentive reservation but will be subject to the eligibility requirements, incentive levels, and funding available at that time of reapplication.

Sec. X. The Host Customer or System Owner may withdraw from the Project for any reason by providing written notice of such withdrawal to the utility. The Host Customer will retain sole rights to the Reservation. To preserve the Reservation and corresponding Reservation number, the Host Customer must submit a new Reservation Request Form at the same time written notification of withdrawal from the Project is provided to the utility. If all available funds are reserved for other Projects, the Host Customer cannot increase the originally reserved Incentive amount. Submitting a new Reservation Request Form will not move or alter the Proof of Project Advancement Milestone Date provided by the utility, if any. If the Host Customer fails to re-submit a Reservation Request Form at the time of Project withdrawal, the Application will be terminated in its entirety by the Program Administrator and any previously reserved incentive funding will be released. In that instance, the Host Customer must apply for a new incentive reservation should the Host Customer still wish to participate in the Program.

Sec. ~~H19~~ 18. 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;

1. The Reservation Request Form and Incentive Claim Form provided by the utility shall include a place to designate the System Owner, if known at the time. The utility may require documentation substantiating equipment ownership.

~~[(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 X 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.]~~ *The annual plan filed by the utility on or before February 1, 2010, shall contain, in addition to the above listed items, a detailed description of how the Solar Program will transition to incentives awarded according to kW capacity in each incentive level step, including the number of projects and kW capacity of each project in each category on the existing waiting list and into which incentive level step each project on the waiting list will be placed.*

Sec. [20] 19. 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.]~~

(c) all systems must be installed by an installer who has been issued a classification C-2 license with the appropriate subclassification by the Nevada State Contractors Board pursuant to the regulations adopted by the Board. Systems must be installed in conformance with the manufacturers' specifications and with all applicable electrical and building codes and standards.

Sec. X. The utility will verify that the Solar Contractor has an active license with the Nevada State Contractors Board, in accordance with the above requirement, during application process review. If it is determined that a contractor's Nevada State Contractors Board license was suspended during the application process, the following will occur:

(a) Reservations will not be confirmed and all applications associated with the contractor will be suspended;

(b) No incentive payment will be made unless the system was interconnected prior to the suspension;

(c) All parties identified on the application will be notified of the suspension; If the system has not yet been installed, the Host Customer will be able to hire a new contractor without losing its current incentive reservation and apply for an extension, if necessary.

~~[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. X. 1. The Host Customer may act as the Applicant and/or System Owner, may designate the Applicant and/or Solar Contractor to act on their behalf, and may change these parties at any given time with prior written notice to the utility.

2. The Host Customer shall be the incentive reservation holder, shall be a party to any agreement or contract with the utility, and shall retain sole rights to the incentive reservation and corresponding incentive reservation number.

a. If the Host Customer is not the System Owner, then the System Owner shall also be a party to any agreement or contract with the utility.

Sec. ~~[22]~~ 20. 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]~~ 21. 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]~~ 22. Not later than 150 days after the annual plan is filed pursuant to section ~~[19]~~ 18 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. X. 1. The utility shall meet with industry stakeholders, including the Regulatory Operations Staff of the Commission, twice a year to evaluate the effectiveness of the program, and its progress toward meeting program goals.

2. Within 30 days of each such meeting, the utility shall file an informational filing with the Commission including the following:

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

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