

LCB File No. R210-09

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

Docket No. 09-06033

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

AUTHORITY: SB 188

A REGULATION:

Section X. Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections __ to __, inclusive, of this regulation.

Sec. X. *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. X. *“Applicant” means an eligible contractor who is acting on behalf of a customer in applying to participate in the Solar Thermal Program.*

Sec. X. *“Btu” means a British Thermal Unit.*

Sec. X. *“Btu/day” means a thermal performance rating.*

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

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

Sec. X. *“Customer” means a customer of a utility.*

Sec. X. *“Eligible contractor” means a person who has met the requirements of 701B.xxx and has been approved by the utility.*

Sec. X. *“Institution of higher education” has the meaning ascribed to it in NRS 701B.xxx.*

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

Sec. X. *“Person” has the meaning ascribed to it in NRS 701B.xxx.*

Sec. X. "Public and other property" has the meaning ascribed to it in NRS 701B.xxx.

Sec. X. "School property" has the meaning ascribed to it in NRS 701B.xxx.

Sec. X. "Small business" has the meaning ascribed to it in NRS 701B.xxx.

Sec. X. "Solar thermal system" has the meaning ascribed to it in NRS 701B.xxx.

Sec. X. "Solar Thermal Program" means the Solar Thermal Systems Demonstration Program created by NRS 701B.xxx.

Sec. X. "Solar Thermal Program rate" means the rate established pursuant to section ___ of this regulation.

Sec. X. "SRCC" means the Solar Rating and Certification Corporation.

Sec. X. "Utility" has the meaning ascribed to it in NRS 701B.xxx.

Qualifications for participation

Sec. X. 1. For all Solar Thermal Program categories:

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

(b) A solar thermal system must be installed in a building which is connected to an existing distribution system of a participating utility;

(c) A solar thermal system must have:

(1) New and unused components;

(2) A manufacturer's warranty on the solar collectors against defects and undue degradation of not less than 10 years;

(3) A manufacturer's warranty on the individual balance of system components of not less than 5 years;

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

(d) A solar thermal system must be installed in conformity with the manufacturer's specifications and all applicable codes and standards;

2. For the Residential category solar thermal systems must have SRCC OG300 certification.

3. For the Small Business, Schools and Public and Other Property categories, solar thermal systems must have:

(a) A SRCC OG300 certification; or

(b) A SRCC OG 100 certification and must include:

(1) Documentation that supports the demonstration of sound design; and

(2) The signature of a professional engineer attesting to the system design.

4. Meters shall be installed on certain systems as determined by the utility in order to evaluate the output of the installed systems.

Sec. X. 1. *All systems must be installed by a contractor who has been issued a classification C-1 license with the appropriate subclassification by the State Contractors' Board pursuant to the regulations adopted by the Board.*

2. Eligible contractors must qualify and be listed by the utility. To qualify, a contractor must:

(a) Submit the Contractor Participation Application;

(b) Submit proof of insurance;

(c) Submit warranty documentation;

(d) Attend a 1-day training workshop;

3. Eligible contractors must have:

(a) Valid workers compensation insurance;

(b) Commercial general liability insurance;

(c) Business auto insurance;

Sec. X. 1. For residential and small business categories:

(a) A Program Application shall be submitted by a contractor who has been approved by the utility. The Program Application shall be accompanied by the following documentation: a copy of a signed contract with the customer, warranty, and authorization to act on behalf of a customer.

(b) The program application shall require the contractor to estimate the amount of the incentive based on system information available at the time the Program Application was filed.

(c) If a program 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 program application will be cancelled. The Applicant is not precluded from resubmitting the project to the utility for an incentive. All resubmitted program applications 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 and the project is approved.

(d) Once received, the utility will review the program application for completeness and determine eligibility. Once the utility approves the application, 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 and the Reservation Expiration Date.

(e) After the solar thermal system is purchased, installed, and put into operation, the contractor should submit the Incentive Claim Form and the required supporting documentation. The Incentive Claim Form Package must have signatures of the contractor and customer with any documentation deemed necessary by the utility.

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

3. 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.

4. 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. 1. For schools and public and other property categories:

(a) A Program Application shall be submitted by a contractor who has been approved by the utility. The Program Application shall be accompanied by the following documentation: a

copy of a signed contract with the customer, warranty, and authorization to act on behalf of a customer.

(b) The Program Application shall require the contractor to estimate the amount of the incentive based on system information available at the time the Program Application was filed.

(c) If a Program 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 Program Application will be cancelled. The Applicant is not precluded from resubmitting the project to the utility for an incentive. All resubmitted Program Applications 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 and the project is approved.

(d) Once received, the utility will review the program application for completeness and determine eligibility. Once the utility approves the application, the utility will issue an initial reservation notice, confirming that a specific incentive amount is reserved for the project. (e) Within 60 days of the receipt of an initial reservation notice, 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 30 months to complete the project from the date that the initial Reservation Notice is issued.

(e) 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 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 thermal system is purchased, installed, and put into operation, the contractor should submit the Incentive Claim Form and the required supporting documentation. The Incentive Claim Form Package must have signatures of the contractor and customer with any documentation deemed necessary by the utility.

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. *Within 90 days of the adoption of these regulations and annually each year after, a utility shall file with the Commission a 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 the productivity of the previous year and a status report on the current year, including but not limited to the following:

(a) The number of applications received in each category

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

(c) The annual budget and expenditures;

(d) A list of completed installations;

- (e) A summary of marketing results; and,*
- (f) A description of training for inspectors, certifiers, and installation contractors and educational activities;*

4. A description of the application process, including but not limited to:

- (a) The procedures to be followed by the applicant and the utility;*
- (b) Copies of proposed applications and forms;*

5. A detailed advertising plan;

6. An education and training plan;

7. An inspection and verification plan; and

8. A recommendation on any modifications to the existing incentive schedule.

Sec. X. 1. *In order to reach the goal of 3000 solar thermal installations by 2019, the allocation of the number of systems to be installed for each utility shall be based on the approximate number of customers as of September 30, 2009.*

(a) For a utility that has more than 600,000 customers, the total number of systems to be installed is 2430.

(1) The number of systems to be installed in the first and second incentive steps is 405.

(2) The number of systems to be installed in the third incentive step is 1620.

(b) For a utility that has less than 200,000 customers, the total number of systems to be installed is 570.

(1) The number of systems to be installed in the first and second incentive steps is 95.

(2) The number of systems to be installed in the third incentive step is 380.

2. The incentive payment levels shall automatically be reduced over the duration of the Solar Thermal Program in 3 steps, based on the volume of confirmed reservations. The duration of

each step will be dependent on when the utility reaches its goal. The amount of the incentive is set for each step of the program as follows:

(a) For the first incentive step:

<i>Category</i>	<i>Incentive Level</i>	<i>Maximum Incentives</i>
<i>Schools</i>	<i>\$6.00 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$6.00 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Residential</i>	<i>\$4.00 per 100 Btu/ day</i>	<i>No more than 30 percent of system cost</i>
<i>Small Business</i>	<i>\$4.00 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>

(b) For the second incentive step:

<i>Category</i>	<i>Incentive Level</i>	<i>Maximum Incentives</i>
<i>Schools</i>	<i>\$5.50 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$5.50 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Residential</i>	<i>\$3.50 per 100 Btu/day</i>	<i>No more than 30 percent of system cost</i>
<i>Small Business</i>	<i>\$3.50 per 100 Btu/day</i>	<i>No more than 30 percent of system cost</i>

(c) For the third incentive step:

<i>Category</i>	<i>Incentive Level</i>	<i>Maximum Incentives</i>
<i>Schools</i>	<i>\$5.00 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$5.00 per 100 Btu/day</i>	<i>No more than 50 percent of system cost</i>
<i>Residential</i>	<i>\$3.00 per 100 Btu/day</i>	<i>No more than 30 percent of system cost</i>
<i>Small Business</i>	<i>\$3.00 per 100 Btu/day</i>	<i>No more than 30 percent of system cost</i>

3. If the incentives for a participant's first program year change between the time his application is approved and the time his solar thermal system is complete, the participant must receive for that program year the incentives in place at the time that his application was approved.

Sec. X. 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 select a method to account for the costs and revenues.

Sec. X. 1. A utility may account for costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Solar Thermal 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 Thermal 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 Thermal 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.

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

4. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 9 of NRS 704.110 a revised Solar Thermal 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.

5. The Commission will allow recovery of all prudent Solar Thermal 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. X. 1. Or, a utility may account for costs and revenues in the following manner:

(a) The utility shall recover approved costs through a per therm surcharge after application and Commission approval. The utility shall account for the costs and revenues on a monthly basis in the following manner:

(1) Debit the account for costs for implementing and administering the program and record monthly;

(2) Credit the account for the revenues attributable to the solar thermal program rate established pursuant to section _ of this regulation;

(3) Apply a carrying charge equal to 1/12 of the authorized overall rate of return to the monthly balance.

(b) The accumulated amount in the program account balance will be cleared by establishing a surcharge or credit to amortize the account balance over a one-year period, unless otherwise specified by the Commission.