

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

LCB File No. R122-13

November 6, 2013

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

AUTHORITY: Assembly Bill 428 (2013), NRS 701B.200, 701B.590, 701B.840, and 703.025.

A REGULATION relating to renewable energy; revising provisions governing participants in the Solar Energy Systems Incentive Program; revising provisions governing participants in the Wind Energy Systems Incentive Program; revising provisions governing participants in the Waterpower Energy Systems Incentive Program.

SOLAR ENERGY SYSTEMS INCENTIVE PROGRAM

Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections 1 to 8, inclusive of this regulation.

Section 1. *“Installed cost” has the meaning ascribed to it in Section 1.5 of AB 428.*

Sec. 2. *“Cost of tangible materials and labor” means the cost of materials and labor for permitting, panels, inverters, and the balance of system components that are directly related to and required for the operation of a solar energy system. It does not include such costs for improvements to a building or site necessary to accommodate a solar energy system, such as roofing, shade structures, etc.*

Sec. 3. *“Public Entity” means a host customer that includes:*

- 1. A department or agency of Federal, state, or local government;***
- 2. A public school district;***
- 3. An institute of higher education that is part of the Nevada System of Higher Education;***
- 4. An Indian tribe or tribal organization; or***
- 5. A corporation for public benefit as defined in NRS 82.021.***

Sec. 4. “Low Income and Non-Profit” means a host customer that includes:

- (1) An entity that owns publicly subsidized housing;**
- (2) A non-profit corporation or association that is exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3);**
- (3) An entity eligible for low-income housing credits pursuant to 26 U.S.C. Section 42; or**
- (4) A person whose income does not exceed 80 percent of the median family income for the county in which the person lives, subject to adjustment for areas with unusually high or low incomes or housing costs.**

Sec. 5. “Premise” means a parcel of land with the buildings thereon.

Sec. 6. A utility shall publish on a quarterly basis and make available to prospective applicants a report of the average installed cost of solar energy systems installed in each quarter of the immediately previous 12-month period. The utility shall provide such costs for systems not more than 25 kilowatts and for systems more than 25 kilowatts but not more than 500 kilowatts. The average cost of each quarter will serve as the basis for calculating the cap on the individual incentive amounts initiated during the subsequent quarter under NAC Section 701B.150(3) and (4).

Sec. 7. A utility shall provide to the Commission each application and related materials submitted with an application by a host customer in the Public Entity category that is not a federal entity or an Indian tribe. The application shall be submitted to the Commission within 30 days after the application is approved and a reservation notice issued. Confidential information, including but not limited to personal identifying information, will be provided to the Commission pursuant to NAC Sections 703.527 through 703.5282, inclusive.

Sec. 8. *Each calendar year, the Commission shall open a docket in which to file the Public Entity Solar Program applications received by the utility for inclusion into the Commission's public records.*

Sec. 9. NAC 701B.125 is hereby amended to read as follows:

NAC 701B.125 1. 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:

(a) A schedule describing major program milestones;

(b) A budget with the following categories:

(1) ~~Incentives;~~

~~(2)~~ Contractor costs;

~~(3)~~ (2) Marketing costs;

~~(4)~~ (3) Training costs; and

~~(5)~~ (4) Utility administrative costs;

(c) A report on ~~previous program years~~ *the activity of the program during the previous calendar year* and the current ~~program~~ *calendar* year which includes, without limitation, the most up-to-date versions of the following information for each ~~program~~ *calendar* year:

(1) The number of applications filed in each Solar Program category;

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

(3) The annual budget and expenditures;

(4) Any remaining financial obligations at the end of a ~~program~~ *calendar* year;

(5) A list of completed installations;

(6) A summary of marketing efforts; and

- (7) A description of training and educational activities;
 - (d) A description of the application process, including, without limitation:
 - (1) The procedures to be followed by the utility and the applicant;
 - (2) The criteria for the selection of applicants for the Solar Program; and
 - (3) Copies of proposed applications and forms;
 - (e) The average installed cost of a solar energy system or distributed generation system for the immediately preceding calendar year in Nevada.*
 - (f) The total of all incentives projected to be paid for the previous calendar year.*
 - (g) The total of all incentives ~~proposed~~ *projected* to be paid for the ~~program~~ *calendar* year;
 - (h) A graph and table showing the cumulative committed capacity and incurred incentive liability at the end of each year since program inception.*
 - ~~(f)~~ *(i)* A detailed advertising plan;
 - ~~(g)~~ *(j)* An education and training plan;
 - ~~(h)~~ *(k)* 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 NAC 701B.180; and
 - ~~(i)~~ *(l)* ~~Proposed individual size caps for each category~~ *A table demonstrating the effects of the program on the rates paid by customers.*
2. The annual plan filed by the utility on or before February 1, ~~2010~~ *2014*, must contain, in addition to items listed in subsection 1, ~~a detailed description of how the Solar Program will transition to incentives awarded according to kilowatt capacity in each incentive level step, including the number of projects and kilowatt capacity of each project in each category on the existing waiting list~~ *its plan for implementing the Lower Income Solar Energy Pilot Program*

established by Section 21.3 of AB 428. In each subsequent annual plan filed pursuant to this section, the utility shall report on the activities undertaken and the achievements of the Lower Income Solar Energy Pilot Plan during the preceding calendar year, and shall in addition provide the information of the nature listed in subsection 1 of this section that is relevant to the Pilot Plan.

Sec. 10. NAC 701B.130 is hereby amended to read as follows:

NAC 701B.130 Not later than 150 days after the annual plan is filed pursuant to NAC 701B.125, 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 *Solar* Program.

Sec. 11. NAC 701B.150 is hereby amended to read as follows:

NAC 701B.150 1. The utility shall offer to a host customer an incentive ~~in the form of a rebate~~ *as described in subsections 3 and 4 of this section.* ~~Any retail distribution customer of a participating utility~~ *All customers of a utility that receive retail electric service from the utility* may apply for an incentive. A host customer or, pursuant to subsection 1 of NAC 701B.175, a system owner may apply for the incentive. The project site must be located in the service territory of the utility.

2. ~~The incentive payment levels must automatically be reduced over the duration of the Solar Program in five initial steps, based on the total number of kilowatts of confirmed reservations. After the fifth step, the Commission will determine any further steps depending on the progress of the Solar Program. The duration of each step will depend on when the utility reaches a specific total number of kilowatts of confirmed reservations. The kilowatt capacity set for each step of the Solar Program is in addition to the capacity granted for prior steps. The amount of the~~

incentive and the total number of kilowatts of confirmed reservations are set for each of the first five steps of the Solar Program as follows:

	Private Residential Property and Small Business Property		School Property		Public and Other Property		Total
Step	Kilowatt Capacity	Rebate Per Watt	Kilowatt Capacity	Rebate Per Watt	Kilowatt Capacity	Rebate Per Watt	
Baseline 2009- 2010	1,000	\$2.50	2,000	\$5.00	760	\$5.00	3,760
Step 1 2010- 2011	1,090	\$2.30	2,180	\$5.00	828	\$5.00	4,098
Step 2 2011- 2012	1,188	\$2.10	2,376	\$4.90	903	\$4.90	4,467
Step 3 2012- 2013	1,295	\$1.90	2,590	\$4.80	984	\$4.80	4,869
Step 4 2013- 2014	1,412	\$1.35	2,823	\$3.10	1,073	\$3.10	5,308
Step 5	1,539	\$1.25	3,077	\$2.80	1,169	\$2.80	5,785

~~3.—The utility shall calculate its progress toward meeting the total number of kilowatts of confirmed reservations for a given step using the number of kilowatts proposed for a project in the application. Projects are included in the calculation of total kilowatts in a step once they are deemed eligible and have been issued a confirmed reservation. When the total number of kilowatts allocated through the confirmed reservations reaches the capacity listed within any particular step, any subsequent kilowatts allocated by the utility will be at the next step. If the maximum capacity authorized by NRS 701B.260 for a given program year is reached before the end of that year, the utility shall suspend the payment of incentives for capacity beyond the capacity authorized for the current program year until the beginning of the next program year, but may continue to issue confirmed reservations at an incentive level not more than two steps ahead of the step associated with the current program year.~~

~~4.—If there are any kilowatts 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 solar energy systems, those kilowatts will be added to the current step under which the utility is issuing reservations and incentives. If kilowatts become unused in the current step, those kilowatts will be returned to the current step. Any reallocation of kilowatts from an earlier step to a later step due to drop-outs or size reductions of a solar energy system may take place as long as the kilowatts are reallocated within the same category of projects unless the Commission approves an alternate allocation process.~~ *A host customer shall be assigned to one of the following categories based upon the host customer's nature: Public Entity, Low Income and Non-Profit, Residential and Small Commercial, or Large Commercial and Industrial. A host customer in the Low Income and Non-Profit category cannot participate in the Lower Income Pilot*

Program with the same solar energy system that is the subject of a capacity reservation issued under NAC 701B.155.

3. Host customers that apply for a reservation for a solar energy system with a capacity not more than 25 kilowatts shall receive a one-time rebate payment. The incentive to be paid to a host customer for each category under this subsection shall be determined during the utility's annual plan filing filed pursuant to NAC 701B.125.

4. Host customers that apply for a reservation for a solar energy system with a capacity of more than 25 kilowatts and not more than 500 kilowatts shall enter into a contract with the utility and shall receive an incentive paid over a period of 5 years that is based upon the metered production of the solar energy system. The incentive rate to be paid to such host customers shall be determined during the proceeding addressing the utility's annual plan filed pursuant to NAC 701B.125.

5. No contract for an incentive paid over 5 years may be entered into on or after January 1, 2021, and no payment of an incentive under this section may be made after December 31, 2025. The incentive payment shall be made directly to the host customer or third party assigned by the host customer on a quarterly basis. The utility shall include in its first annual plan filed after the effective date of these regulations a detailed procedure and schedule for the incentive payments.

6. The utility shall not issue a reservation notice to a host customer if the incentive that would be paid under that notice would cause the incentive expenditure cap in Section 3(2)(a) of AB 428 to be exceeded.

7. A solar energy system with a capacity of more than 500 kilowatts is not eligible to receive an incentive.

~~{5.— If a host customer installs a solar energy system that has greater kilowatt capacity than the number of kilowatts in its confirmed reservation, the host customer must receive the incentive level in its confirmed reservation for only the kilowatt capacity described in the confirmed reservation.~~

~~6.— The utility shall provide updates to its Internet website, as close as possible to real time and not less often than weekly, to indicate the total kilowatts available for incentives at each step and in each category, including any kilowatts newly available due to reallocations. Different customer categories may meet step goals at different times due to different levels of participation.~~

~~7.— For each step in the Solar Program:~~

~~(a) The utility may issue not more than 3,760 kilowatts of capacity of incentives for solar energy systems that do not meet the criteria in subparagraphs (1) to (5), inclusive, of paragraph (b).~~

~~(b) For incentives not issued pursuant to paragraph (a), the solar energy system proposed in the application must:~~

~~(1) Use solar energy to generate electricity;~~

~~(2) Be located on the property of a customer of the electric utility;~~

~~(3) Be connected on the customer's side of the electricity meter;~~

~~(4) Provide electricity primarily to offset customer load on that property; and~~

~~(5) Periodically export the excess generation from the solar energy system to the grid in accordance with the provisions governing net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive.}~~

8. A utility shall in its annual plan filed pursuant to NAC 701B.125 propose incentive levels for each category. The Commission may approve the proposed incentives in whole or in part,

or set new incentive levels different than those proposed by the utility. In approving incentive levels, the Commission must find that the incentive levels are consistent with the provisions of Section 2 of AB 428, NRS 701B.200(1), and 701B.220.

9. In determining eligibility to participate in the Solar Program, all solar energy systems at a single premise shall be treated as a single solar energy system.

~~8~~ 10. Portfolio energy credits *generated by a host customer participating in the Solar Program* must be assigned ~~pursuant~~ *to the utility as required by* NRS 701B.290 and 704.775.

Sec. 12. NAC 701B.155 is hereby amended to read as follows:

NAC 701B.155 ~~For private residential property and small business property:~~

1. The host customer may submit an application for the reservation of an incentive to the utility using forms approved by the Commission once the host customer has executed a contract with a third party for, or has received a purchase order demonstrating proof of purchase of, solar generating equipment. The application for the reservation of an incentive must include, without limitation:

(a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;

(b) A copy of the executed agreement to purchase and install the solar energy system;

(c) If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner;

(d) Any documentation required by the utility which substantiates ownership of the equipment;

~~and~~

(e) For a host customer in the Public Entity category that is not a federal entity or an Indian tribe, an attestation that the host customer has complied with all applicable provisions of Chapters 338 and 701B of the Nevada Revised Statutes;

(f) An attestation executed by the contractor involved in the installation of the solar energy system stating that the installation will meet siting requirements as determined by the utility; and

(g) A refundable application fee of \$50 for a system of not more than 25 kilowatts or \$100 for a system more than 25 kilowatts and not more than 500 kilowatts payable to the utility. The fee shall be refunded upon the installation of the system with no payment of interest. The fee shall be forfeited if the solar energy system is not installed by the expiration date contained in the reservation notice. All fees that are not refunded shall be applied to fund the costs of the Lower Income Solar Energy Pilot Program.

2. The utility shall provide on its Internet website, adjacent to the application forms, a best practices guide to selecting a contractor and other consumer resources, including, but not limited to, the current contact information for the State Contractors' Board.

3. If an application is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the application will be cancelled and the applicant may resubmit the application to the utility. The utility shall treat all resubmitted applications as new applications and process them in sequence with other new applications. Money for an incentive is not reserved until the utility receives all information and documentation required for the application and the project is approved.

4. *Applications shall be reviewed and approved in the order in which they are received, subject to the utility's process for review and approval of applications.* The utility shall, within

30 days after receipt of an application, review the application for completeness and determine eligibility. Once the utility approves the application, the utility shall issue a notice confirming that a specific incentive amount is reserved for the project. The solar energy system must be purchased, installed and capable of producing electricity on or before the expiration date listed on the notice. The notice must list:

- (a) The incentive *type and* amount that has been reserved for the project;
- (b) The approved kilowatt capacity of the project; and
- (c) An expiration date for the reservation, which ~~must~~ *shall* be 12 months after the date of the issuance of the notice.

5. The amount reserved for an applicant cannot exceed a capacity that would produce an amount of energy that is greater than the amount of energy consumed by the host customer during the 12 months immediately preceding the date the application is received unless the applicant provides justification. Reservations may be awarded for up to 125 percent of the energy consumed by the host customer during the preceding twelve months to account for load variation if sufficiently justified by the applicant. If a host customer is a residential customer of the utility and has not taken energy from the utility for the full 12 months immediately preceding the date the application is received, or if the solar energy system is being installed on a new building, the reserved capacity for such a host customer will be no more than 2 watts per square foot of the building. The utility shall include in its annual plan filed pursuant to NAC 701B.125 a procedure for determining the maximum capacity that can be reserved by a host customer that is not a residential customer of the utility and has not taken energy from the utility for the twelve months immediately preceding the date its application is received.

6. To receive the full incentive for the reservation, the applicant must complete the installation of a solar energy system not later than the expiration date listed on the notice issued pursuant to subsection 4. ~~If the applicant completes installation of the participating solar energy system after the expiration date listed on the notice and not more than 6 months after the expiration date, the applicant is only eligible to receive the lesser of 75 percent of the incentive initially assigned to the reservation or the incentive in effect at the time the applicant submits a form to claim the incentive pursuant to subsection 6.~~ If the applicant fails to complete installation of the participating solar energy system ~~within 6 months after~~ *before* the expiration date listed on the notice, the reservation is forfeited and the utility must make the capacity for that reservation available ~~in the next step. For the purposes of this section, if the expiration date listed on the notice is before September 14, 2012, the expiration date for the reservation will be deemed to be September 14, 2012~~ *to other applicants.*

~~6~~ 7. To claim the incentive, the applicant must submit a form approved by the Commission to the utility after the solar energy system is purchased, installed and capable of producing electricity. The form must include, without limitation:

- (a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;
- (b) Any supporting documentation deemed necessary by the Commission; and
- (c) Any documentation required by the utility which substantiates ownership of the equipment.

8. If a host customer has received a reservation for an incentive but failed to install a project within the time allowed by this Section on three or more occasions, then no additional applications may be filed for the host customer.

Sec. 13. NAC 701B.165 is hereby amended to read as follows:

NAC 701B.165 1. Once a project *of no more than 25 kilowatts* is completed, the applicant may request payment of the *one-time* incentive amount, *which shall be based on the nameplate capacity of the installed solar energy system and shall not exceed the incentive* listed on the confirmed reservation.

2. Once a project of more than 25 kilowatts and not more than 500 kilowatts is completed, the applicant may request the commencement of the payment of the performance based incentive described on the confirmed reservation and the contract with the utility.

3. 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.

~~4~~ 4. To receive the *one-time* incentive *or initiate the payment of the performance based incentive*, all requirements of the Solar Program must be met, ~~and~~ a complete claim form, *along with documentation verifying the installed cost of the project, pursuant to Section 1.5 of AB 428 and NRS 701B.255(4), such as final itemized invoices detailing costs for all of the tangible materials and labor, must be* submitted by the expiration date listed for the project on its confirmed reservation, *and the host customer must enter into a net metering agreement with the utility.*

~~5~~ 5. If a claim form is incomplete or is found to require clarification, the utility shall request the information necessary to process that application further. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the request for payment may be denied. If a claim form is not received by the expiration date for the project, or if the project is otherwise ineligible, the utility shall send a written notice to the applicant stating the reasons why the project is ineligible and the project is rejected. If a project is rejected, the

applicant or host customer may reapply for the reservation of an incentive but will be subject to the eligibility requirements, incentive levels and funding available at the time of reapplication.

Sec. 14. NAC 701B.170 is hereby amended to read as follows:

NAC 701B.170 1. The host customer or system owner may withdraw from the Solar Program for any reason by providing written notice of withdrawal to the utility.

2. *If a host customer rescinds its affiliation with the system owner or contractor for any reason, the host customer shall provide written notice of such rescission to the utility.*

3. The host customer retains sole rights to the reservation for 30 days after submitting notice of withdrawal and may preserve the reservation beyond 30 days by submitting a revised application for a reservation to the utility before the expiration of the 30 days. The host customer may not increase the incentive amount in the original reservation.

~~3. For school property and public and other property, submitting a new application for a reservation will not change the date by which the documentation required by paragraphs (b) and (c) of subsection 2 of NAC 701B.160 must be provided.~~

4. If the host customer does not resubmit an application for a reservation within 30 days after withdrawal from the Solar Program, the original application will be terminated in its entirety and any previously reserved incentive funding will be released. The host customer may apply for a new reservation of an incentive if the host customer still wishes to participate in the Solar Program.

Sec. 15. NAC 701B.175 is hereby amended to read as follows:

NAC 701B.175 1. The host customer may act as the applicant or system owner, may designate the applicant or system owner to act on his or her behalf and may change these designations at any time with prior written notice to the utility. *This designation can be*

canceled at any time by written notice from the host customer to the system owner and the utility.

2. The host customer is the holder of the reservation of an incentive, must be a party to any agreement or contract with the utility and retains sole rights to the reservation ~~except as otherwise provided in subsections 2 and 4 of NAC 701B.170~~.
3. If the host customer is not the system owner, the system owner must be a party to any agreement or contract with the utility.

Sec. 16. NAC 701B.180 is hereby amended to read as follows:

NAC 701B.180 For all Solar Program categories:

1. A solar energy system must be located on ~~property~~ *a premise* within the Nevada service territory of a participating utility.
2. A solar energy system *of not more than 25 kilowatts* must have:
 - (a) A 2-year workmanship warranty for the installation of the solar energy system, including labor and materials;
 - (b) A 7-year product warranty for the inverters, limited to material; and
 - (c) A 20-year product warranty for the solar panels, limited to material.
3. A solar energy system must be installed:
 - (a) By an installer who has been issued a classification C-2 license with the appropriate subclassification by the State Contractors' Board pursuant to the regulations adopted by the Board; and
 - (b) In conformance with the manufacturers' specifications and with all applicable electrical and building codes and standards.

Sec. 17. NAC 701B.185 is hereby amended to read as follows:

NAC 701B.185 In reviewing an application, a utility shall verify that any contractor involved in the installation of a solar energy system has an active license with the State Contractors' Board. If the utility determines that a contractor's license was suspended during the application process:

1. Reservations associated with the contractor will not be confirmed;
2. Applications associated with the contractor will be suspended;
3. No incentive payments will be made for solar energy systems associated with the contractor, except for solar energy systems which were interconnected before the suspension of the contractor's license *or for which the suspension was remedied within 30 days*;
4. The utility shall notify each party identified on the application of the suspension; and
5. If the solar energy system has not been installed, the host customer may hire a new contractor without losing the current reservation of an incentive.

Sec. 18. NAC 701B.060, 701B.080, 701B.085, 701B.090, and 701B.160 are hereby repealed.

WIND ENERGY SYSTEMS DEMONSTRATION PROGRAM

Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections 1 to 5, inclusive, of this regulation.

Section 1. *“Installed cost” has the meaning ascribed to it in Section 1.5 of AB 428.*

Sec. 2. *“Cost of tangible materials and labor” means the cost of materials and labor for permitting, panels, inverters, and the balance of system components that are directly related to and required for the operation of a solar energy system. It does not include such costs for improvements to a building or site necessary to accommodate a solar energy system, such as roofing, shade structures, etc.*

Sec. 3. *“Premise” means a parcel of land with the buildings thereon.*

Sec. 4. *A utility shall provide to the Commission each application and related materials submitted with an application by a host customer in the Public Entity category that is not a federal entity or an Indian tribe. The application shall be submitted to the Commission within thirty days after the application is approved and a reservation notice issued. Confidential information, including but not limited to personal identifying information, will be provided to the Commission pursuant to NAC Sections 703.527 through 703.5282, inclusive.*

Sec. 5. *Each calendar year, the Commission shall open a docket in which to file the Public Entity applications received by the utility for inclusion into the Commission’s public records.*

Sec. 6. NAC 701B.480 is hereby amended to read as follows:

NAC 701B.480 Pursuant to NRS 701B.610, a utility shall file with the Commission 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)~~ (b) Marketing costs;
 - ~~(d)~~ (c) Training costs; and
 - ~~(e)~~ (d) Utility administrative costs.
3. ~~[A table providing proposed incentive levels for the upcoming program year and all subsequent program years with calculations, supporting data and justifications for the proposed~~

~~incentives, which must decline as capacity goals for the Program and goals for each category are met and must reflect predicted energy savings;~~

~~4.]~~ A report on ~~{previous program years}~~ *the activity of the program during the previous calendar year* and the current ~~{program}~~ *calendar* year which includes, without limitation, the most up-to-date versions of the following information for each ~~{program}~~ *calendar* year:

- (a) The number of applications filed in each program category;
- (b) The number of participants enrolled in the Program and the number who have dropped out of the Program;
- (c) The annual budget and expenditures;
- (d) Any remaining financial obligations at the end of a ~~{program}~~ *calendar* year;
- (e) A list of completed installations;
- (f) A summary of marketing efforts;
- (g) A description of training and educational activities; and
- (h) The results of participant surveys;

~~{5}~~ 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 Program~~], for the selection of applicants for the prioritized waiting list and for the promotion of applicants from the prioritized waiting list to the Program];~~
- (c) Copies of proposed applications and forms; and
- (d) The procedures for a participant to claim the incentive at completion of the project and a copy of the required claim form, which must include, at a minimum, the following data and attachments:

- (1) The name and address of the participant;
- (2) The address at which the wind energy system is located;
- (3) The technical description of the main components of the wind energy system if different from the application;
- (4) An assignment of the incentive payment, if applicable;
- (5) A building permit signed off by the applicable governing jurisdiction to ensure that the wind energy system complies with all local codes;
- (6) A voltage verification form to ensure that the meter socket is ready for meter set;
- (7) An invoice for the wind energy system to ensure that a properly licensed contractor performed the required work and that the wind energy system equipment is new and has not been previously installed;
- (8) A net metering agreement if not previously provided; and

~~{9} A statement verifying the public display of the wind energy system by a school or public facility, if applicable.~~

~~{6} 5.~~ The total of all incentives ~~{proposed}~~ *projected* to be paid for the ~~{program}~~ *calendar* year.

~~{7} 6.~~ A detailed advertising plan.

~~{8} 7.~~ An education and training plan.

~~{9} 8.~~ Standards and requirements for applicants to provide proof of wind speeds at tower sites for participating wind energy systems.

~~{10} 9.~~ Proposed wind turbine certification lists for the subsequent program year which outline the wind turbine models eligible for participation in the Program. After notifying the Commission, the utility may modify the wind turbine certification lists to address changes in the

certification programs or suspend turbines from participation in the Program which have a demonstrated pattern of failure or unreliability.

~~11~~ 10. An inspection and verification plan for wind energy systems which verifies that an applicant or participant meets all applicable requirements.

~~12—The conditions and requirements which must be met to allow the utility to reallocate unsubscribed capacity from one category to another category in a program year.~~

11. The installed cost of a wind energy system for the immediately preceding calendar year, as determined by using the average installed cost of the wind energy system or distributed generation system, as applicable, installed in that calendar year in Nevada.

12. A graph and table showing the cumulative committed capacity and incurred incentive liability at the end of each year since program inception.

13. A survey for participants which includes, without limitation, questions on:

(a) The operational effectiveness of the participant's wind energy system, including, without limitation, the total kilowatt-hours of electricity generated per program year;

(b) Environmental issues, including, without limitation, the number of birds killed in relation to the wind energy system, the noise produced by the system and any other aesthetic issues related to the system; and

(c) Any other information regarding the effectiveness of the Program.

Sec. 7. NAC 701B.500 is hereby amended to read as follows:

NAC 701B.500 ~~1.—The Commission will, for each year of the Program, determine the installed capacity goals, by category, for the Program.~~

~~2.—The utility shall deploy educational, marketing and promotional efforts directed to meet the goals determined by the Commission pursuant to subsection 1.~~

~~3.~~ The participant must receive the incentives established at the time that his or her application was approved if:

(a) The incentives for a participant change between the time the application is approved and the time the wind energy system is completed; and

(b) The participant completes installation of the wind energy system and submits a form to claim the incentive pursuant to subsection 7 of NAC 701B.510 ~~for subsection 8 of NAC 701B.515, whichever is applicable~~, not later than:

(1) The expiration date listed on the notice issue pursuant to subsection 4 of NAC 701B.510 ~~for on the notice issued pursuant to subsection 2 of NAC 701B.515, whichever is applicable~~; or

(2) The extended expiration date obtained pursuant to subsection 5 of NAC 701B.510 ~~for subsection 6 of NAC 701B.515, whichever is applicable~~.

Sec. 8. NAC 701B.505 is hereby amended to read as follows:

NAC 701B.505 1. The utility shall offer to a host customer ~~an incentive in the form of a rebate~~ *incentives that are paid over 5 years and are based on the performance of the wind energy system as measured by the metered production of the wind energy system. The total of the incentive payments to a host customer cannot exceed 50 percent of the installed cost of the host customer's wind energy system.* ~~Any retail distribution customer of a participating utility may apply for an incentive.~~ *All customers of a utility that receive retail electric service from the utility may apply for an incentive.* A host customer or, pursuant to subsection 1 of NAC 701B.535, a system owner may apply for the incentive. The project site must be located in the service territory of the utility.

2. ~~The incentive payment levels must automatically be reduced over the duration of the Program in three tiers based on the total number of kilowatts of confirmed reservations. The~~

~~duration of each tier will depend on when the utility reaches a total number of kilowatts of confirmed reservations specified by the Commission. The amount of the rebate per kilowatt of capacity paid at each tier will be determined by the Commission in the utility's annual plan filing.~~ *A host customer shall be assigned to one of the following categories based upon the nature of the applicant: Public Entity, Low Income and Non-Profit, Residential and Small Commercial, and Large Commercial and Industrial.*

(a) The Public Entity category shall include:

- (1) A department or agency of federal, state, or local government;*
- (2) A public school district;*
- (3) An institute of higher education that is part of the Nevada System of Higher Education;*
- (4) An Indian tribe or tribal organization; or*
- (5) A corporation for public benefit as defined in NRS 82.021.*

(b) The Low Income and Non-Profit category shall include:

- (1) An entity that owns publicly subsidized housing;*
- (2) A non-profit corporation or association that is exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3);*
- (3) An entity eligible for low-income housing credits pursuant to 26 U.S.C. Section 42; or*
- (4) A person whose income does not exceed 80 percent of the median family income for the county in which the person lives, subject to adjustment for areas with unusually high or low incomes or housing costs.*

3. ~~The utility shall calculate its progress toward meeting the total number of kilowatts of confirmed reservations for a given tier using the number of kilowatts proposed for a project in the application. Projects are included in the calculation of total kilowatts in a tier once they are~~

~~deemed eligible and have been issued a confirmed reservation. When the total number of kilowatts allocated through the confirmed reservations reaches the capacity listed within any particular tier, any subsequent kilowatts allocated by the utility will be at the next tier.]~~ *The rate of the incentive payment per kilowatt hour of energy produced and metered will be determined by the Commission in the utility's annual plan. A utility will in its first annual plan filed after the effective date of this regulation propose incentive levels for each category. The Commission may approve the proposed changes in whole or in part or set new incentive levels different than those proposed by the utility. In approving any new incentive levels, the Commission must find that the new incentive levels are consistent with the provisions of NRS 701B.590(1)(b). A utility may in subsequent annual plans propose changes to the incentives approved by the Commission. The Commission may approve the proposed changes in whole or in part or set new incentive levels different than those proposed by the utility. In approving any new incentive levels, the Commission must find that the new incentive levels are consistent with the provisions of NRS 701B.590(1)(b).*

4. ~~If there are any kilowatts that remain unused and unaccounted for in any previous tier due to events such as applicants dropping out of the process or reducing the size of their wind energy systems, those kilowatts will be added to the current tier under which the utility is issuing reservations and incentives. If kilowatts become unused in the current tier, those kilowatts will be returned to the current tier. Any reallocation of kilowatts from an earlier tier to a later tier due to dropouts or size reductions of a wind energy system may take place as long as the kilowatts are reallocated within the same category of projects unless the Commission approves an alternate allocation process.]~~ *No contract for an incentive paid under this section may be entered into on or after January 1, 2021, and no payment of an incentive under this section may be made*

after December 31, 2025. The incentive payment shall be made directly to the host customer on a quarterly basis. The utility shall include in the first annual plan filed after the effective date of these regulations a detailed procedure and schedule for the incentive payments.

5. *A wind energy system with a capacity of more than 500 kilowatts is not eligible to receive an incentive.*

6. *The utility shall not issue a reservation notice to a host customer if the incentive that would be paid under that notice would cause the incentive expenditure cap in Section 3(2)(b) of AB 428 to be exceeded.*

7. If a host customer installs a wind energy system that has greater kilowatt capacity than the number of kilowatts in its confirmed reservation, the host customer must receive the incentive level in its confirmed reservation for only the kilowatt capacity described in the confirmed reservation.

~~{6. The utility shall provide updates to its Internet website, as close as possible to real time and not less often than weekly, to indicate the total kilowatts available for incentives at each tier and in each category, including any kilowatts newly available due to reallocations. Different customer categories may meet tier goals at different times due to different levels of participation.}~~

~~{7}~~ 8. Portfolio energy credits *from any host customer* must be assigned ~~{pursuant to}~~ *to the utility as required by* NRS 701B.640 and 704.775.

Sec. 9. NAC 701B.510 is hereby amended to read as follows:

NAC 701B.510 ~~{For private residential property, small business property and agricultural property:}~~

1. An application for the reservation of an incentive must be made using a form approved by the Commission and must include, without limitation:

(a) ~~{Signatures of the applicant, the host customer and the system owner, if different from the host customer;}~~

~~{(b)}~~ If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner; and

~~{(e)}~~ (b) Any documentation required by the utility which substantiates ownership of the equipment.

2. The utility shall provide on its Internet website, adjacent to the application forms, a best practices guide to selecting a contractor and other consumer resources, including, but not limited to, the current contact information for the State Contractors' Board.

3. If an application is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the application will be cancelled and the applicant may resubmit an application to the utility. The utility shall treat all resubmitted applications as new applications and process them in sequence with other new applications. Money for an incentive is not reserved until the utility receives all information and documentation required for the application and the project is approved.

4. The utility shall, within 30 days after receipt of an application, review the application for completeness and determine eligibility. Once the utility approves the application, the utility shall issue a notice confirming that a specific incentive amount is reserved for the project. The wind energy system must be purchased, installed and capable of producing electricity on or before the expiration date listed on the notice. The notice must list:

- (a) The *maximum* incentive amount that has been reserved for the project;
- (b) The approved kilowatt capacity of the project; and
- (c) An expiration date for the reservation, which ~~must~~ *shall* be 12 months after the date of the issuance of the notice.

5. ~~{The expiration date for the reservation must be extended to 6 months after the expiration date if, on or before the expiration date, the applicant submits to the utility:~~

~~(a) A copy of an executed agreement to purchase and install the participating wind energy system; or~~

~~(b) If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner.}~~

~~{6.}~~ To receive the full incentive available for the reservation, the applicant must complete the installation of the participating wind energy system and submit the form to claim the incentive required by subsection 7 not later than the expiration date listed on the notice issued pursuant to subsection 4 ~~{or, if the applicant has obtained an extended expiration date pursuant to subsection 5, not later than the extended expiration date. If the applicant fails to complete the installation of the wind energy system and submit the form to claim the incentive by the expiration date and has obtained an extended expiration date, the reservation is forfeited and the utility must make the capacity for that reservation available in the next available step. If the applicant has obtained an extended expiration date but does not complete the installation of the wind energy system and submit the form to claim the incentive by the extended expiration date, the reservation is forfeited and the utility must make the capacity for that reservation available in the next available step. For the purposes of this section, if the expiration date listed on the notice issued pursuant to subsection 4 is after September 1, 2011, and before September 14, 2012, the expiration date for~~

~~the reservation will be deemed to be October 29, 2012, and the incentive amount for the reservation must be the amount indicated on the notice issued pursuant to subsection 4).~~

~~7)~~ 6. To claim the incentive, the applicant must submit a form approved by the Commission to the utility after the wind energy system is purchased, installed and capable of producing electricity. The form must include, without limitation:

- (a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;
- (b) Any supporting documentation deemed necessary by the Commission; and
- (c) Any documentation substantiating ownership of the equipment required by the utility.

~~8)~~ 7. To be eligible for an incentive, the tower site of the wind energy system must have an average annual wind speed at hub height of 10 miles per hour or greater.

Sec. 10. NAC 701B.520 is hereby amended to read as follows:

NAC 701B.520 1. Once a project is completed, the applicant may request payment of the incentive amount listed on the confirmed reservation. 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 requirements of the Program must be met and a complete claim form, *along with documentation verifying the installed cost of the project pursuant to Section 1.5 of AB 428 and NRS 701B.615(5), such as final itemized invoices detailing costs for all of the tangible materials and labor, must be* submitted by the expiration date listed for the project on its confirmed reservation, *and the host customer must enter into a net metering agreement with the utility. For a host customer in the Public Entity category that is not a federal entity or*

an Indian tribe, the host customer must provide an attestation that it has complied with all applicable provisions of Chapters 338 and 701B of the Nevada Revised Statutes.

3. If a claim form is incomplete or is found to require clarification, the utility shall request the information necessary to process that application further. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the request for payment may be denied. If a claim form is not received by the expiration date for the project, or if the project is otherwise ineligible, the utility shall send a written notice to the applicant stating the reasons why the project is ineligible and that the project is rejected. If a project is rejected, the applicant or host customer may reapply for the reservation of an incentive but will be subject to the eligibility requirements, incentive levels and funding available at the time of reapplication.

Sec. 11. NAC 701B.525 is hereby amended to read as follows:

- NAC 701B.525 1. The host customer or system owner may withdraw from the Program for any reason by providing written notice of withdrawal to the utility.
2. The host customer retains sole rights to the reservation for 30 days after submitting notice of withdrawal and may preserve the reservation beyond 30 days by submitting a revised application for a reservation to the utility before the expiration of the 30 days. The host customer may not increase the incentive amount in the original reservation.
3. ~~{For school property and other public property, submitting a new application for a reservation will not change the date by which the documentation required by paragraphs (b) and (e) of subsection 2 of NAC 701B.515 must be provided.}~~
4. If the host customer does not resubmit an application for a reservation within 30 days after withdrawal from the Program, the original application will be terminated in its entirety and any

previously reserved incentive funding will be released. The host customer may apply for a new reservation of an incentive if the host customer still wishes to participate in the Program.

Sec. 12. NAC 701B.545 is hereby amended to read as follows:

NAC 701B.545 In reviewing an application, a utility shall verify that any contractor involved in the installation of a wind energy system has an active license with the State Contractors' Board. If the utility determines that a contractor's license was suspended during the application process:

1. Reservations associated with the contractor will not be confirmed;
2. Applications associated with the contractor will be suspended;
3. No incentive payments will be made for wind energy systems associated with the contractor except for wind energy systems which were interconnected before the suspension of the contractor's license *or for which the suspension was inadvertent and remedied within 30 days*;
4. The utility shall notify each party identified on the application of the suspension; and
5. If the wind energy system has not been installed, the host customer may hire a new contractor without losing the current reservation of an incentive.

Sec. 13. NAC 701B.405, 701B.435, 701B.440, 701B.445, 701B.450, and 701B.515 are hereby repealed.

WATERPOWER ENERGY SYSTEMS DEMONSTRATION PROGRAM

Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections 1 to 5, inclusive, of this regulation.

Section 1. *“Installed cost” has the meaning ascribed to it in Section 1.5 of AB 428.*

Sec. 2. *“Cost of tangible materials and labor” means the cost of materials and labor for permitting, panels, inverters, and the balance of system components that are directly related to*

and required for the operation of a solar energy system. It does not include such costs for improvements to a building or site necessary to accommodate a solar energy system, such as roofing, shade structures, etc.

Sec. 3. *“Premise” means a parcel of land with the buildings thereon.*

Sec. 4. *A utility shall provide to the Commission each application and related materials submitted with an application by a host customer in the Public Entity category that is not a federal entity or an Indian tribe. The application shall be submitted to the Commission within 30 days after the application is approved and a reservation notice issued. Confidential information, including but not limited to personal identifying information, will be provided to the Commission pursuant to NAC Sections 703.527 through 703.5282, inclusive.*

Sec. 5. *Each calendar year, the Commission shall open a docket in which to file the Public Entity applications received by the utility for inclusion into the Commission’s public records.*

Sec. 6. NAC 701B.660 is hereby amended to read as follows:

NAC 701B.660 1. Pursuant to NRS 701B.850, a utility shall file with the Commission an annual plan which must include the following:

(a) A schedule describing major program milestones;

(b) A budget with the following categories:

(1) ~~Incentives;~~

~~(2)~~ Contractor costs;

~~(3)~~ (2) Marketing costs;

~~(4)~~ (3) Training costs; and

~~(5)~~ (4) Utility administrative costs;

~~(c) [A table providing proposed incentive levels for the upcoming program year and all subsequent program years, with calculations, supporting data and justifications for the proposed incentives, which must decline as capacity goals for the Program and goals for each category are met and must reflect predicted energy savings;]~~

~~[(d)]~~ A report on ~~[previous program years]~~ *the activity of the program during the previous calendar year* and the current ~~[program]~~ *calendar* year which includes, without limitation, the most up-to-date versions of the following information for each ~~[program]~~ *calendar* year:

- (1) The number of applications filed;
- (2) The number of participants enrolled in the Waterpower Demonstration Program and the number who have dropped out of the Waterpower Demonstration Program;
- (3) The annual budget and expenditures;
- (4) Any remaining financial obligations at the end of a ~~[program]~~ *calendar* year;
- (5) A list of completed installations;
- (6) A summary of marketing efforts;
- (7) A description of training and educational activities; and
- (8) The results of participant surveys;

~~[(e)]~~ *(d)* A description of the application process, including, without limitation:

- (1) The procedures to be followed by the utility and the applicant;
- (2) The criteria for selection of applicants for the Waterpower Demonstration Program ~~[, for the selection of applicants for the prioritized waiting list and for the promotion of applicants from the prioritized waiting list to the Waterpower Demonstration Program];~~
- (3) Copies of proposed applications and forms; and

(4) The procedures for a participant to claim the incentive at completion of the project and a copy of the required claim form, which must include, at a minimum, the following data and attachments:

(I) The name and address of the participant;

(II) The address at which the waterpower energy system is located;

(III) The technical description of the main components of the waterpower energy system, if different from the application;

(IV) An assignment of the incentive payment, if applicable;

(V) A building permit approved and signed by the applicable governing jurisdiction to ensure that the waterpower energy system complies with all local codes;

(VI) A voltage verification form to ensure that the meter socket is ready for meter set;

(VII) An invoice for the waterpower energy system to ensure that a properly licensed contractor performed the required work and that the waterpower energy system equipment is new and has not been previously installed; and

~~{(VIII) Either the participant's net metering agreement with the utility if not previously provided or the participant's agreement to sell the output of the waterpower energy system to the utility pursuant to the utility's Short-Term Avoided Cost Tariff;}~~

~~{(f)}~~ (e) The total of all incentives ~~{proposed}~~ *projected* to be paid for the ~~{program}~~ *calendar* year;

~~{(g)}~~ (f) A detailed advertising plan;

~~{(h)}~~ (g) An education and training plan;

~~{(i)}~~ (h) An inspection and verification plan for waterpower energy systems which verifies that an applicant or participant meets all applicable requirements;

(i) The installed cost of a waterpower energy system for the immediately preceding calendar year, as determined by using the average installed cost of the waterpower energy systems or distributed generation systems, as applicable, installed in that calendar year in Nevada.

(j) A graph and table showing the cumulative committed capacity and incurred incentive liability at the end of each year since program inception.

~~(i)~~ (k) A survey for participants which includes, without limitation, questions on:

- (1) The operational effectiveness of the participant's waterpower energy system, including, without limitation, the total kilowatt-hours of electricity generated per program year; and
- (2) Any other information regarding the effectiveness of the Waterpower Demonstration Program; and

~~[(k) Information for use in establishing incentive levels regarding predicted energy savings and the promotion of economic equity between those participants using net metering and those participants selling electricity pursuant to the utility's Short-Term Avoided Cost Tariff. For the purpose of setting a rebate for participants who sell the output of the waterpower energy system to the utility pursuant to the utility's Short-Term Avoided Cost Tariff, the expected value of payments pursuant to the tariff shall be considered energy savings which shall be compared to the expected direct savings associated with a net metering arrangement, taking into consideration the difference in the nature of the two arrangements. Any capacity limitations relating to participants who choose either arrangement must be established in the utility's annual plan.]~~

~~[2. As used in this section, "Short-Term Avoided Cost Tariff" means:~~

- ~~(a) For Sierra Pacific Power Company, Schedule No. CSPP, Short-Term Rates, Cogeneration and Small Power Production.~~

~~(b) For Nevada Power Company, Schedule QF—Short Term, Cogeneration and Small Power Production—Qualifying Facilities.]~~

Sec. 7. NAC 701B.680 is hereby amended to read as follows:

NAC 701B.680 1. ~~{All 5 megawatts of capacity to be installed by 2016 are available for reservation by any participant from January 1, 2012, until December 31, 2021, inclusive, except that at least 1 megawatt of the capacity available for reservation must be set aside for reservation by participants who install waterpower energy systems with a nameplate capacity of 100 kilowatts or less. Any applicant who files a complete application on or before December 1, 2021, and who receives a confirmed reservation notice on or before December 31, 2021, will have 12 months to complete his or her project. The incentive award available for any application must be limited to the first 200 kilowatts of installed capacity.}~~

~~{2.}~~ If the incentives for a participant's first ~~{program}~~ *calendar* year change between the time his or her application is approved and the time the waterpower energy system is completed, the participant must receive for that ~~{program}~~ *calendar* year the incentives established at the time that the application was approved.

Sec. 8. NAC 701B.685 is hereby amended to read as follows:

NAC 701B.685 1. The utility shall offer to a host customer ~~{an incentive in the form of a rebate}~~ *incentives that are paid over 5 years and are based on the performance of the waterpower energy system as measured by the metered production of the waterpower energy system. The total of the incentive payments to a host customer cannot exceed 50 percent of the installed cost of the host customer's waterpower energy system. {Any retail distribution customer of a participating utility} All customers of a utility that receive retail electric service from the utility* may apply for an incentive. A host customer or, *pursuant to subsection 1 of*

NAC 701B.710, a system owner may apply for the incentive. The project site must be located in the service territory of the utility.

2. ~~{The incentive payment levels must automatically be reduced over the duration of the Program in three tiers based on the total number of kilowatts of confirmed reservations. The duration of each tier will depend on when the utility reaches a total number of kilowatts of confirmed reservations specified by the Commission. The amount of the rebate per kilowatt of capacity paid at each tier will be determined by the Commission in the utility's annual plan filing.}~~ *A host customer shall be assigned to one of the following categories based upon the nature of the applicant: Public Entity, Low Income and Non-Profit, Residential and Small Commercial, and Large Commercial and Industrial.*

(a) The Public Entity category shall include:

- (1) A department or agency of federal, state, or local government;*
- (2) A public school district;*
- (3) An institute of higher education that is part of the Nevada System of Higher Education;*
- (4) An Indian tribe or tribal organization; or*
- (5) A corporation for public benefit as defined in NRS 82.021.*

(b) The Low Income and Non-Profit category shall include:

- (1) An entity that owns publicly subsidized housing;*
- (2) A non-profit corporation or association that is exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. Section 501(c)(3);*
- (3) An entity eligible for low-income housing credits pursuant to 26 U.S.C. Section 42; or*

(4) A person whose income does not exceed 80 percent of the median family income for the county in which the person lives, subject to adjustment for areas with unusually high or low incomes or housing costs.

~~3. [The utility shall calculate its progress toward meeting the total number of kilowatts of confirmed reservations for a given tier using the number of kilowatts proposed for a project in the application. Projects are included in the calculation of total kilowatts in a tier once they are deemed eligible and have been issued a confirmed reservation. When the total number of kilowatts allocated through the confirmed reservations reaches the capacity listed within any particular tier, any subsequent kilowatts allocated by the utility will be at the next tier]~~ *The amount of the incentive payments per kilowatt hour of energy produced and metered will be determined by the Commission in the utility's annual plan. A utility will in its first annual plan filed after the effective date of this regulation proposed incentive levels for each category. The Commission may approve the proposed changes in whole or in part or set new incentive levels different than those proposed by the utility. A utility may in subsequent annual plans propose changes to the incentives approved by the Commission. The Commission may approve the proposed changes in whole or in part or set new incentive levels different than those proposed by the utility.*

~~4. [If there are any kilowatts that remain unused and unaccounted for in any previous tier, due to events such as applicants dropping out of the process or reducing the size of their waterpower energy systems, those kilowatts will be added to the current tier under which the utility is issuing reservations and incentives. If kilowatts become unused in the current tier, those kilowatts will be returned to the current tier. Any reallocation of kilowatts from an earlier tier to a later tier due to dropouts or size reductions of a waterpower energy system may take place as long as the~~

~~kilowatts are reallocated within the same category of projects unless the Commission approves an alternate allocation process.}~~ *No contract for an incentive paid under this section may be entered into on or after January 1, 2021, and no payment of an incentive under this section may be made after December 31, 2025. The incentive payment shall be made directly to the host customer on a quarterly basis. The utility shall include in the first annual plan filed after the effective date of these regulations a detailed procedure and schedule for the incentive payments.*

5. A waterpower energy system with a capacity of more than 500 kilowatts is not eligible to receive an incentive.

6. The utility shall not issue a reservation notice to a host customer if the incentive that would be paid under that notice would cause the incentive expenditure cap in Section 3(2)(b) of AB 428 to be exceeded.

~~{5}~~ 7. If a host customer installs a waterpower energy system that has greater kilowatt capacity than the amount of kilowatts in its confirmed reservation, the host customer must receive the incentive level in its confirmed reservation for only the kilowatt capacity described in the confirmed reservation.

~~{6. The utility shall provide updates to its Internet website, as close as possible to real time and not less often than weekly, to indicate the total kilowatts available for incentives at each tier and in each category, including any kilowatts newly available due to reallocations.}~~

~~{7}~~ 8. Portfolio energy credits *generated by a host customer* must be assigned ~~{pursuant}~~ to *the utility as required by* NRS 701B.870 and 704.775.

Sec. 9. NAC 701B.690 is hereby amended to read as follows:

NAC 701B.690 For all categories ~~{of property}~~:

1. An application for the reservation of an incentive must be made using a form approved by the Commission and must include, without limitation:

~~(a) [Signatures of the applicant, the host customer and the system owner, if different from the host customer;]~~

~~[(b)]~~ If the system owner is not the host customer, a copy of the executed agreement between the host customer and the system owner;

~~[(e)]~~ (b) A computation stamped by a professional engineer licensed in this State that provides the estimated hours of operation of the waterpower energy system and the estimated annual kilowatt-hour output of the proposed waterpower energy system; and

~~[(d)]~~ (c) Any documentation required by the utility which substantiates ownership of the equipment.

2. The utility shall provide on its Internet website, adjacent to the application forms, a best practices guide to selecting a contractor and other consumer resources, including, but not limited to, the current contact information for the State Contractors' Board.

3. If an application is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the application will be cancelled, and the applicant may resubmit an application to the utility. The utility shall treat all resubmitted applications as new applications and process them in sequence with other new applications. Money for an incentive is not reserved until the utility receives all information and documentation required for the application and the project is approved.

4. The utility shall, within 30 days after receipt of an application, review the application for completeness and determine eligibility. Once the utility approves the application, the utility shall

issue a notice confirming that a ~~{specific}~~ *maximum* incentive amount is reserved for the project.

The waterpower energy system must be purchased, installed and capable of producing electricity on or before the expiration date listed on the notice. The notice must list:

- (a) The incentive amount that has been reserved for the project;
- (b) The approved kilowatt capacity of the project; and
- (c) An expiration date for the reservation, which ~~{must}~~ *shall* be 12 months after the date of the issuance of the notice.

5. The applicant must complete the installation of a waterpower energy system not later than the expiration date listed on the notice issued pursuant to subsection 4.

6. To claim the incentive, the applicant must submit a form approved by the Commission to the utility after the waterpower energy system is purchased, installed and capable of producing electricity. The form must include, without limitation:

- (a) Signatures of the applicant, the host customer and the system owner, if different from the host customer;
- (b) Any supporting documentation deemed necessary by the Commission; ~~{and}~~
- (c) Any documentation substantiating ownership of the equipment required by the utility; *and*
- (d) Any documentation substantiating the host customer has entered into a net metering agreement with the utility.*

Sec. 10. NAC 701B.695 is hereby amended to read as follows:

NAC 701B.695 1. Once a project is completed, the applicant may request payment of the incentive ~~{amount}~~ listed on the confirmed reservation. 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 requirements of the Program must be met and a complete claim form, *along with documentation verifying the installed cost of the project, pursuant to Section 1.5 of AB 428 and NRS 701B.865(5), such as final itemized invoices detailing costs for all of the tangible materials and labor, must be* submitted by the expiration date listed for the project on its confirmed reservation. *For a host customer in the Public Entity category that is not a federal entity or an Indian tribe, the host customer must provide an attestation that it has complied with all applicable provisions of Chapters 338 and 701B of the Nevada Revised Statutes.*

3. If a claim form is incomplete or is found to require clarification, the utility shall request the information necessary to process that application further. If the applicant has not submitted the requested information within 20 calendar days after receipt of the request, the request for payment may be denied. If a claim form is not received by the expiration date for the project, or if the project is otherwise ineligible, the utility shall send a written notice to the applicant stating the reasons why the project is ineligible and that the project is rejected. If a project is rejected, the applicant or host customer may reapply for the reservation of an incentive but will be subject to the eligibility requirements, incentive levels and funding available at the time of reapplication.

Sec. 11. NAC 701B.720 is hereby amended to read as follows:

NAC 701B.720 In reviewing an application, a utility shall verify that any contractor involved in the installation of a waterpower energy system has an active license with the State Contractors' Board. If the utility determines that a contractor's license was suspended during the application process:

1. Reservations associated with the contractor will not be confirmed;
2. Applications associated with the contractor will be suspended;

3. No incentive payments will be made for waterpower energy systems associated with the contractor except for waterpower energy systems which were interconnected before the suspension of the contractor's license *or for which the suspension was inadvertent and remedied within 30 days*;
4. The utility shall notify each party identified on the application of the suspension; and
5. If the waterpower energy system has not been installed, the host customer may hire a new contractor without losing the current reservation of an incentive.

Sec. 11. NAC 701B.625 is hereby repealed.