

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

LCB File No. R122-13

December 10, 2013

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

AUTHORITY: §§1 and 43, NRS 701B.005 and 703.025; §§2, 4, 5, 6, 14 and 16, NRS 701B.005, 701B.200 and 703.025; §§3, 10, 11 and 25-34, NRS 701B.005, 701B.590 and 703.025; §§10 and 23-25, NRS 701B.005, 701B.200, 701B.210, 701B.220 and 703.025; §§8, 9 and 17, NRS 701B.005, 701B.200, 701B.210 and 703.025; §§12, 13 and 35-42, NRS 701B.005, 701B.840 and 703.025; §15, NRS 701B.005, 701B.200, 701B.220, 703.025 and 704.786; §§18 and 19, NRS 701B.005, 701B.200, 701B.210, 701B.220, 703.025 and 704.786; §§23 and 24, NRS 701B.005, 701B.200, 701B.210, 701B.220, 701B.240 and 703.025.

A REGULATION relating to energy; revising regulations relating to the Solar Energy Systems Incentive Program, the Wind Energy Systems Demonstration Program and the Waterpower Energy Systems Demonstration Program; and providing other matters properly relating thereto.

Section 1. Chapter 701B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 13, inclusive, of this regulation.

Sec. 2. *“Cost of tangible materials and labor” means the cost of materials and labor for permitting, panels, inverters, the balance of system components and any other costs that are directly related to and required for the operation of a solar energy system. The term does not include such costs for improvements to a building or site which are necessary to accommodate a solar energy system, including, without limitation, roofing and shade structures.*

Sec. 3. *“Cost of tangible materials and labor” means the cost of materials and labor for permitting, generators, towers, inverters, the balance of system components and any other costs that are directly related to and required for the operation of a wind energy system. The*

term does not include such costs for improvements to a building or site which are necessary to accommodate a wind energy system.

Sec. 4. *“Low-income and nonprofit” means a category of host customer that includes:*

- 1. An entity that owns publicly subsidized housing.*
- 2. A nonprofit corporation or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3).*
- 3. An entity eligible for low-income housing credits pursuant to 26 U.S.C. § 42.*
- 4. A person whose income does not exceed 80 percent of the median family income for the county in which the person resides, subject to an adjustment for any area with unusually high or low median incomes or housing costs.*

Sec. 5. *“Premise” means a parcel of land owned by a customer-generator upon which a renewable energy system is located that qualifies for participation in net metering pursuant to the provisions of NRS 704.766 to 704.775, inclusive.*

Sec. 6. *“Public entity” means a category of host customer that includes:*

- 1. A department or agency of the Federal Government or a department or agency of a 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.*
- 5. A corporation for public benefit as that term is defined in NRS 82.021.*

Sec. 7. *A utility shall publish on a quarterly basis and make available to prospective applicants a report of the average installed cost of a solar energy system installed in each quarter of the immediately preceding 12-month period. The utility shall provide such costs for*

systems with a capacity of not more than 25 kilowatts and for systems with a capacity of more than 25 kilowatts but less than 500 kilowatts. The average cost during each quarter will serve as the basis for calculating the cap on the individual incentive amounts issued during the next subsequent quarter pursuant to subsections 3 and 4 of NAC 701B.150.

Sec. 8. A utility shall provide to the Commission each application, including related materials, submitted by a host customer designated as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization. The application must be submitted to the Commission not later than 30 days after the application is approved and the issuance of a reservation notice. Confidential information, including, without limitation, personal identifying information, must be provided to the Commission pursuant to NAC 703.527 to 703.5282, inclusive.

Sec. 9. The Commission will, for each calendar year, open a docket in which to file applications received by a utility under the Solar Program for the purpose of including such applications in the public records of the Commission.

Sec. 10. A utility shall provide to the Commission each application, including related materials, submitted by a host customer designated as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization. The application must be submitted to the Commission not later than 30 days after the application is approved and the issuance of a reservation notice. Confidential information, including, without limitation, personal identifying information, must be provided to the Commission pursuant to NAC 703.527 to 703.5282, inclusive.

Sec. 11. *The Commission will, for each calendar year, open a docket in which to file applications received by a utility under the Program for the purpose of including such applications in the public records of the Commission.*

Sec. 12. *A utility shall provide to the Commission each application, including related materials, submitted by a host customer designated as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization. The application must be submitted to the Commission not later than 30 days after the application is approved and the issuance of a reservation notice. Confidential information, including, without limitation, personal identifying information, must be provided to the Commission pursuant to NAC 703.527 to 703.5282, inclusive.*

Sec. 13. *The Commission will, for each calendar year, open a docket in which to file applications received by a utility under the Program for the purpose of including such applications in the public records of the Commission.*

Sec. 14. NAC 701B.050 is hereby amended to read as follows:

701B.050 As used in NAC 701B.050 to 701B.185, inclusive, *and sections 2 and 4 to 9, inclusive, of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 701B.055 to 701B.120, inclusive, *and sections 2, 4, 5 and 6 of this regulation*, have the meanings ascribed to them in those sections.

Sec. 15. NAC 701B.125 is hereby amended to read as follows:

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 Solar Program during the immediately preceding 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 in Nevada of a solar energy system during the immediately preceding calendar year;*

(f) The total of all incentives paid for the immediately preceding calendar year;

(g) The total of all incentives ~~proposed~~ projected to be paid for the ~~program~~ current calendar year;

(h) A graph and table showing the cumulative committed capacity and incurred incentive liability at the end of each year since the inception of the Solar Program;

~~(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) Proposed individual size caps for each category.~~

(l) A table demonstrating the effects of the Solar 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, ~~the utility's plan for implementing the Lower Income Solar Energy Pilot Program established pursuant to NRS 704.786. In each subsequent annual plan filed pursuant to this section, the utility shall report on the activities undertaken by the utility and the achievements of the Lower Income Solar Energy Pilot Program during the immediately preceding calendar year, and shall additionally provide the information listed in subsection 1 that is relevant to the Lower Income Solar Energy Pilot Program.~~ *the utility's plan for implementing the Lower Income Solar Energy Pilot Program established pursuant to NRS 704.786. In each subsequent annual plan filed pursuant to this section, the utility shall report on the activities undertaken by the utility and the achievements of the Lower Income Solar Energy Pilot Program during the immediately preceding calendar year, and shall additionally provide the information listed in subsection 1 that is relevant to the Lower Income Solar Energy Pilot Program.*

Sec. 16. NAC 701B.130 is hereby amended to read as follows:

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. 17. NAC 701B.140 is hereby amended to read as follows:

701B.140 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 11 of NRS 704.110 a revised Solar Program rate. The rate must be calculated by adding the following two components:

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

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

2. The Commission will allow recovery of all prudent Solar Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Solar Program rate accordingly.

Sec. 18. NAC 701B.150 is hereby amended to read as follows:

701B.150 1. The utility shall offer to a host customer an incentive ~~in the form of a rebate. Any retail distribution customer of a participating utility~~ *pursuant to subsections 3 and 4. Any customer of a utility that receives 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	1,295	\$1.90	2,590	\$4.80	984	\$4.80	4,869
2012-							
2013							
Step 4	1,412	\$1.35	2,823	\$3.10	1,073	\$3.10	5,308
2013-							
2014							
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.~~

~~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 host customer must, based upon the nature of the host customer, be designated as one of the following categories:~~

- ~~(a) Public entity;~~
- ~~(b) Low-income and nonprofit;~~
- ~~(c) Residential and small commercial; or~~
- ~~(d) Large commercial and industrial.~~

~~↪ A host customer designated as low-income and nonprofit is not eligible to participate in the Lower Income Solar Energy Pilot Program established pursuant to NRS 704.786 with the same solar energy system that is the subject of a reservation of capacity issued pursuant to NAC 701B.155.~~

~~3. A host customer that applies for a reservation of capacity for a solar energy system with a capacity of not more than 25 kilowatts whose application is approved is eligible to receive a one-time incentive payment. The amount of the incentive paid to a host customer for each category pursuant to this subsection must be determined during the proceeding to review the annual plan of the utility filed pursuant to NAC 701B.125.~~

~~4. A host customer that applies for a reservation of capacity for a solar energy system with a capacity of more than 25 kilowatts but less than 500 kilowatts whose application is approved may enter into a contract with the utility to receive an incentive paid over a period of 5 years. The amount of the incentive must be based upon the metered production of the solar energy~~

system. The incentive rate paid to a host customer must be determined during the proceeding to review the annual plan of the utility filed pursuant to NAC 701B.125.

5. A contract to receive an incentive paid over a period of 5 years executed pursuant to subsection 4 must not be executed on or after January 1, 2021. The contract must not provide for the payment of the incentive, or any portion thereof, after December 31, 2025. The incentive must be paid on a quarterly basis and must be paid directly to the host customer or third-party assignee of the host customer. The utility shall include in its first annual plan filed after the effective date of this regulation a detailed procedure and schedule for the payment of incentives.

6. The utility shall not issue a reservation notice to a host customer if the incentive that would be paid under the notice would cause the incentive expenditure cap established pursuant to paragraph (a) of subsection 2 of NRS 701B.005 to be exceeded.

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

8. A utility shall, in the annual plan of the utility filed pursuant to NAC 701B.125, propose incentive levels for each category. The Commission may approve the proposed incentive levels, in whole or in part, or prescribe incentive levels other than those proposed by the utility. In approving an incentive level, the Commission will ensure that the incentive level is consistent with NRS 701B.190, subsection 1 of NRS 701B.200 and NRS 701B.220.

9. In determining eligibility to participate in the Solar Program, each solar energy system located on a premise must be treated as a single solar energy system.

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

Sec. 19. NAC 701B.155 is hereby amended to read as follows:

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

~~1. The}~~

1. A 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) If the host customer is designated as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization, an attestation that the host customer has complied with all applicable provisions of chapters 338 and 701B of NRS;

(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, payable to the utility, of:

(1) For a solar energy system with a capacity of not more than 25 kilowatts, \$50.

(2) For a solar energy system with a capacity of more than 25 kilowatts but less than 500 kilowatts, \$100.

↳ The fee must be refunded without interest upon the installation of the solar energy system. The fee is forfeited if the solar energy system is not installed by the expiration date contained in the reservation notice. Each fee that is not refunded must be used by the utility to fund the costs of the Lower Income Solar Energy Pilot Program established pursuant to NRS 704.786.

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. *The utility shall review and approve applications in the order in which the applications 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 the* 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 be 12 months after the date of the issuance of the notice.

5. *The reservation of capacity for an applicant must not exceed an amount of capacity that would produce an amount of energy greater than the amount of energy consumed by the host customer during the 12 months immediately preceding the filing date of the application unless the applicant provides sufficient justification for the excess capacity. A reservation may be awarded in an amount of not more than 125 percent of the energy consumed by the host customer during the immediately preceding 12 months to account for load variation if the applicant provides sufficient justification for the reservation. If a host customer is a residential customer of the utility and the host customer has not consumed energy delivered by the utility during the 12 months immediately preceding the filing date of the application, or if the solar energy system is being installed on a new building, the reservation for the host customer must not exceed 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 amount of capacity that may be reserved by a host customer which is not a residential customer of the utility and which has not consumed energy delivered by the utility during the 12 months immediately preceding the filing date of the application.*

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 6.1~~ If the applicant fails to complete installation of the participating solar energy system ~~within 6 months after~~ *on or 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.~~

~~—6.1~~ *to other applicants.*

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 solar energy system within the time prescribed by this section on three or more occasions, the host customer may not file any additional applications.

Sec. 20. NAC 701B.165 is hereby amended to read as follows:

701B.165 1. Once a project *to install a solar energy system with a capacity of not more than 25 kilowatts* is completed, the applicant may request payment of the *one-time* incentive

amount , *which must be based on the nameplate capacity of the installed solar energy system and which must not exceed the incentive* listed on the confirmed reservation.

2. After the completion of a project to install a solar energy system with a capacity of more than 25 kilowatts but less than 500 kilowatts, the applicant may request the commencement of the payment of the performance-based incentive described by the confirmed reservation and in 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.

~~2.~~ 4. To receive the *one-time* incentive ~~to all~~ *payment or to initiate the payment of the performance-based incentive:*

(a) *All* requirements of the Solar Program must be met ~~and a~~ ;

(b) *A* complete claim form *must be* submitted by the expiration date listed for the project on its confirmed reservation ~~to~~

~~3.~~ , *including, without limitation, final itemized invoices of the cost of tangible materials and labor, and any documentation verifying the installed cost of the project pursuant to subsection 4 of NRS 701B.255; and*

(c) *The host customer must enter into a net metering agreement with the utility.*

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

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 the host customer rescinds its affiliation with the system owner or contractor for any reason, the host customer shall provide written notice of the 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 (e) 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. 22. NAC 701B.175 is hereby amended to read as follows:

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 *or cancel* these

designations at any time with prior written notice to the utility ~~H~~ *and, if applicable, to the system owner.*

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 ~~H~~ 3 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. 23. NAC 701B.180 is hereby amended to read as follows:

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 *with a capacity 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. 24. NAC 701B.185 is hereby amended to read as follows:

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 unless the suspension is lifted not later than 30 days after the suspension;*
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. 25. NAC 701B.400 is hereby amended to read as follows:

701B.400 As used in NAC 701B.400 to 701B.545, inclusive, *and sections 3, 10 and 11 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC ~~{701B.405}~~ *701B.410* to 701B.475, inclusive, *and section 3 of this regulation* have the meanings ascribed to them in those sections.

Sec. 26. NAC 701B.480 is hereby amended to read as follows:

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;

~~[(e)]~~ (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 immediately preceding 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; *and*
- (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 *next* subsequent ~~{program}~~ *calendar* 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 average installed cost in Nevada of a wind energy system during the immediately preceding calendar year.

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

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}~~ *calendar* 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. 27. NAC 701B.495 is hereby amended to read as follows:

701B.495 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 11 of NRS 704.110 a revised Wind Demonstration Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing not more than the total costs in the Wind Demonstration Program annual plan by the projected kilowatt-hours for the ~~{program}~~ *calendar* year; and

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

2. The Commission will allow recovery of all prudent Wind Demonstration Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Wind Demonstration Program rate accordingly.

Sec. 28. NAC 701B.500 is hereby amended to read as follows:

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~~ *A* participant must receive the incentives established at the time that his or her application was approved if:

~~{(a)}~~ *1.* The incentives for a participant change between the time the application is approved and the time the wind energy system is completed; and

~~{(b)}~~ 2. The participant completes installation of the wind energy system and submits a form to claim the incentive pursuant to subsection ~~{7}~~ 6 of NAC 701B.510 ~~{or subsection 8 of NAC 701B.515, whichever is applicable,}~~ not later than ~~{~~

~~——(1) The~~ *the* expiration date listed on the notice issued pursuant to subsection 4 of NAC 701B.510 . ~~{or 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 or subsection 6 of NAC 701B.515, whichever is applicable.}~~

Sec. 29. NAC 701B.505 is hereby amended to read as follows:

701B.505 1. The utility shall offer to a host customer an incentive ~~{in the form of a rebate. Any retail distribution customer of a participating utility may apply for an incentive.}~~ *that is paid over a period of 5 years. The incentive must be based upon the metered production of electricity by the wind energy system. The total amount of the incentive paid to a host customer must not exceed 50 percent of the installed cost of the wind energy system of the host customer.* 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.}~~

~~—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.~~

~~—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.~~

~~—5.} *A host customer must, based upon the nature of the host customer, be designated as one of the following categories:*~~

- ~~(a) *Public entity;*~~
- ~~(b) *Low-income and nonprofit;*~~
- ~~(c) *Residential and small commercial; or*~~
- ~~(d) *Large commercial and industrial.*~~

~~3. *The rate of the incentive payment offered pursuant to subsection 1 must be established by the Commission in the proceeding to review the annual plan of a utility. The utility shall include in its first annual plan filed after the effective date of this regulation proposed*~~

incentive levels for each category and a detailed procedure and schedule for the payment of incentives. The Commission may approve the proposed incentive levels, in whole or in part, or prescribe incentive levels other than those proposed by the utility. The utility may, in a subsequent annual plan, propose to modify any incentive level approved by the Commission pursuant to this subsection. The Commission may approve the proposed modification, in whole or in part, or prescribe an incentive level other than the incentive level proposed by the utility. In approving any incentive level or modification pursuant to this subsection, the Commission will ensure that the incentive level or modification is consistent with paragraph (b) of subsection 1 of NRS 701B.590.

4. A contract to receive an incentive payment offered pursuant to subsection 1 must not be executed on or after January 1, 2021. The contract must not provide for the payment of the incentive, or any portion thereof, after December 31, 2025. The incentive must be paid on a quarterly basis and must be paid directly to the host customer or third-party assignee of the host customer.

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 the notice would cause the incentive expenditure cap established pursuant to paragraph (b) of subsection 2 of NRS 701B.005 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 *generated by a host customer participating in the Program* must be assigned *to the utility* pursuant to NRS 701B.640 and 704.775.

9. *As used in this section:*

(a) *“Low-income and nonprofit” means a category of host customer that includes:*

(1) *An entity that owns publicly subsidized housing.*

(2) *A nonprofit corporation or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3).*

(3) *An entity eligible for low-income housing credits pursuant to 26 U.S.C. § 42.*

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

(b) *“Public entity” means a category of host customer that includes:*

(1) *A department or agency of the Federal Government or a department or agency of a 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.*

(5) *A corporation for public benefit as that term is defined in NRS 82.021.*

Sec. 30. NAC 701B.510 is hereby amended to read as follows:

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 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.~~

~~6.1~~ 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~~ 6 not later than the expiration date listed on the notice issued pursuant to subsection 4. ~~For, 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 not 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.

~~18.]~~ 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. 31. NAC 701B.520 is hereby amended to read as follows:

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]~~ :

(a) *All* requirements of the Program must be met ~~[and a]~~ ;

*(b) A complete claim form **must be** submitted by the expiration date listed for the project on its confirmed reservation **H**, including, without limitation, final itemized invoices of the cost of tangible materials and labor, and any documentation verifying the installed cost of the project pursuant to subsection 5 of NRS 701B.615;*

(c) The host customer must enter into a net metering agreement with the utility; and

(d) If the host customer is designated pursuant to NAC 701B.505 as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization, the application for reservation of the incentive must include an attestation that the host customer has complied with all applicable provisions of chapters 338 and 701B of NRS.

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

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. 33. NAC 701B.535 is hereby amended to read as follows:

701B.535 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.

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~~ 3 of NAC 701B.525.

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

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 unless the suspension is lifted not later than 30 days after the suspension.*
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. 35. NAC 701B.600 is hereby amended to read as follows:

701B.600 As used in NAC 701B.600 to 701B.720, inclusive, *and sections 12 and 13 of this regulation*, unless the context otherwise requires, the words and terms defined in NAC 701B.605 to 701B.655, inclusive, have the meanings ascribed to them in those sections.

Sec. 36. NAC 701B.660 is hereby amended to read as follows:

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

- ~~{(a)}~~ *1.* A schedule describing major program milestones;
- ~~{(b)}~~ *2.* A budget with the following categories:
 - ~~{(1)}~~ ~~Incentives;~~
 - ~~{(2)}~~ *(a)* Contractor costs;
 - ~~{(3)}~~ *(b)* Marketing costs;
 - ~~{(4)}~~ *(c)* Training costs; and
 - ~~{(5)}~~ *(d)* Utility administrative costs;

~~{(e)} 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)}~~ 3. A report on ~~{previous program years}~~ *the activity of the Program during the immediately preceding 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)}~~ (a) The number of applications filed;

~~{(2)}~~ (b) The number of participants enrolled in the Waterpower Demonstration Program and the number who have dropped out of the Waterpower Demonstration Program;

~~{(3)}~~ (c) The annual budget and expenditures;

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

~~{(5)}~~ (e) A list of completed installations;

~~{(6)}~~ (f) A summary of marketing efforts;

~~{(7)}~~ (g) A description of training and educational activities; and

~~{(8)}~~ (h) The results of participant surveys;

~~{(e)}~~ 4. A description of the application process, including, without limitation:

~~{(1)}~~ (a) The procedures to be followed by the utility and the applicant;

~~{(2)}~~ (b) 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)}~~ (c) Copies of proposed applications and forms; and

~~{(4)}~~ (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:

~~{(I)}~~ (1) The name and address of the participant;

~~{(II)}~~ (2) The address at which the waterpower energy system is located;

~~{(III)}~~ (3) The technical description of the main components of the waterpower energy system, if different from the application;

~~{(IV)}~~ (4) An assignment of the incentive payment, if applicable;

~~{(V)}~~ (5) A building permit approved and signed by the applicable governing jurisdiction to ensure that the waterpower energy system complies with all local codes;

~~{(VI)}~~ (6) A voltage verification form to ensure that the meter socket is ready for meter set; *and*

~~{(VII)}~~ (7) 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)}~~ 5. The total of all incentives ~~{proposed}~~ *projected* to be paid for the ~~{program}~~ *calendar* year;

~~{(g)}~~ 6. A detailed advertising plan;

~~{(h)}~~ 7. An education and training plan;

~~8.~~ 8. An inspection and verification plan for waterpower energy systems which verifies that an applicant or participant meets all applicable requirements;

~~9.~~ 9. *The average installed cost in Nevada of a waterpower energy system during the immediately preceding calendar year;*

10. *A graph and table showing the cumulative committed capacity and incurred incentive liability at the end of each year since the inception of the Program; and*

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

~~(1)~~ (a) The operational effectiveness of the participant's waterpower energy system, including, without limitation, the total kilowatt-hours of electricity generated per ~~program~~ *calendar* year; and

~~(2)~~ (b) 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. 37. NAC 701B.675 is hereby amended to read as follows:

701B.675 1. A utility shall include with its annual deferred energy accounting adjustment application filed pursuant to subsection 11 of NRS 704.110 a revised Waterpower Demonstration Program rate. The rate must be calculated by adding the following two components:

(a) A prospective rate determined by dividing not more than the total costs in the Waterpower Demonstration Program annual plan by the projected kilowatt-hours for the ~~{program}~~ *calendar* year; and

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

2. The Commission will allow recovery of all prudent Waterpower Demonstration Program costs included in the subaccount of FERC Account No. 182.3 at the end of the test period as defined in NAC 704.063 and adjust the Waterpower Demonstration Program rate accordingly.

Sec. 38. NAC 701B.680 is hereby amended to read as follows:

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

701B.685 1. The utility shall offer to a host customer an incentive ~~{in the form of a rebate.}~~ *that is paid over a period of 5 years. The incentive must be based upon the metered production of electricity by the waterpower energy system. The total amount of the incentive paid to a host customer must not exceed 50 percent of the installed cost of the waterpower energy system of the host customer.* Any ~~{retail distribution}~~ customer of a ~~{participating}~~ utility *that receives retail electric service from the utility* may apply for an incentive. A host customer *may apply for the incentive* or 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 must, based upon the nature of the host customer, be designated as one of the following categories:*

- (a) Public entity;*
- (b) Low-income and nonprofit;*
- (c) Residential and small commercial; or*
- (d) Large commercial and industrial.*

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 offered pursuant to subsection 1 must be established by the Commission in the proceeding to review the annual plan of a utility. The utility shall include in its first annual plan filed after the effective date of this regulation proposed incentive levels for each category and a detailed procedure and schedule for the payment of incentives. The Commission may approve the proposed incentive levels, in whole or in part, or prescribe incentive levels other than those proposed by the utility. The utility may, in a subsequent annual plan, propose to modify any incentive level approved by the Commission pursuant to this subsection. The Commission may approve the proposed modification, in whole or in part, or prescribe an incentive level other than the incentive level 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.} A contract to receive an incentive paid over a period of 5 years executed pursuant to subsection 4 must not be executed on or after January 1, 2021. The contract must not provide for the payment of the incentive, or any portion thereof, after December 31, 2025. The incentive must be paid on a quarterly basis and must be paid directly to the host customer or third-party assignee of the host customer.~~

5. *The utility shall not issue a reservation notice to a host customer if the incentive that would be paid under the notice would cause the incentive expenditure cap established pursuant to paragraph (b) of subsection 2 of NRS 701B.005 to be exceeded.*

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

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 participating in the Program* must be assigned *to the utility* pursuant to NRS 701B.870 and 704.775.

9. *As used in this section:*

(a) *“Low-income and nonprofit” means a category of host customer that includes:*

(1) *An entity that owns publicly subsidized housing.*

(2) *A nonprofit corporation or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)(3).*

(3) *An entity eligible for low-income housing credits pursuant to 26 U.S.C. § 42.*

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

(b) *“Public entity” means a category of host customer that includes:*

(1) *A department or agency of the Federal Government or a department or agency of a 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.*

(5) *A corporation for public benefit as that term is defined in NRS 82.021.*

Sec. 40. NAC 701B.690 is hereby amended to read as follows:

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 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~~;

and

(d) Any documentation substantiating that the host customer has entered into a net metering agreement with the utility.

Sec. 41. NAC 701B.695 is hereby amended to read as follows:

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 ~~amount~~ :

(a) All requirements of the Program must be met ~~and a~~ ;

*(b) A complete claim form **must be** submitted by the expiration date listed for the project on its confirmed reservation **H**, including, without limitation, final itemized invoices of the cost of tangible materials and labor, and any documentation verifying the installed cost of the project pursuant to subsection 5 of NRS 701B.615;*

(c) The host customer must enter into a net metering agreement with the utility; and

(d) If the host customer is designated pursuant to NAC 701B.505 as a public entity, other than a department or agency of the Federal Government or an Indian tribe or tribal organization, the application for reservation of the incentive must include an attestation that the host customer has complied with all applicable provisions of chapters 338 and 701B of NRS.

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

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 unless the suspension is lifted not later than 30 days after the suspension.*
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. 43. NAC 701B.060, 701B.080, 701B.085, 701B.090, 701B.095, 701B.160, 701B.405, 701B.435, 701B.440, 701B.445, 701B.450, 701B.515 and 701B.625 are hereby repealed.

TEXT OF REPEALED SECTIONS

701B.060 “Category” defined. (NRS 701B.200, 703.025) “Category” has the meaning ascribed to it in NRS 701B.040.

701B.080 “Program year” defined. (NRS 701B.200, 703.025) “Program year” has the meaning ascribed to it in NRS 701B.100.

701B.085 “Public and other property” defined. (NRS 701B.200, 703.025) “Public and other property” has the meaning ascribed to it in NRS 701B.110.

701B.090 “School property” defined. (NRS 701B.200, 703.025) “School property” has the meaning ascribed to it in NRS 701B.130.

701B.095 “Small business” defined. (NRS 701B.200, 703.025) “Small business” has the meaning ascribed to it in NRS 701B.140.

701B.160 Incentives for school property and public and other property: Application for reservation; duties of utility and applicant; cancellation of application; submission and contents of claim. (NRS 701B.200, 701B.210, 701B.255, 703.025) For school property and public and other 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, at a minimum, issued a request for proposal or other solicitation for the installation of the solar energy system.

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 request for proposal or other solicitation for the installation of the solar energy system, or a copy of the executed agreement to purchase and install the solar energy system; and

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

2. The utility shall, within 30 days after receipt of an application, review an application to determine whether it is complete and the applicant is eligible. Once the utility determines that an application is complete and that the applicant is eligible, the utility shall reserve money allocated

for the specified size of the solar energy system and send a notice to the applicant. The notice must list:

(a) The incentive amount that has been reserved for the project;

(b) The date 90 days after the issuance of the notice by which the applicant must submit a checklist approved by the Commission documenting the progress of the project and demonstrating that there is a sustained commitment to complete the project within 12 months after the date of the notice; and

(c) The date 180 days after the issuance of the notice by which the applicant must submit all documentation required to confirm the reservation in the initial notice, including, without limitation:

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

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

(3) Any documentation required by the utility which substantiates ownership of the equipment.

3. The reservation of money pursuant to subsection 2 is valid only until the date for submission of the checklist pursuant to paragraph (b) of subsection 2.

4. If the documentation required by paragraph (c) of subsection 2 is received on or before the required date but is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the requested additional information within 20 calendar days after receipt of the request, the application will be cancelled. Once the applicant has sufficiently demonstrated that the project is progressing, the utility shall issue a notice that the reservation has been confirmed.

5. If the applicant provides documentation to satisfy all of the requirements described in subsections 1 and 2 at the time of the initial application, the utility shall, within 30 days after receipt of the application:

(a) Review the application and determine whether it is complete and the applicant is eligible; and

(b) Either issue a notice that the project has a confirmed reservation or request more information as described in subsection 4.

6. To receive the full incentive for the reservation, the applicant must complete the project not later than 12 months after the date that the initial notice was issued. If the applicant completes the project after the expiration date 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 the form to claim the incentive required by subsection 7. If the applicant fails to complete the project within 6 months after the expiration date, 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 for a reservation is before September 14, 2012, the expiration date for the reservation will be deemed to be September 14, 2012.

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 power.

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.

701B.405 “Agricultural property” defined. (NRS 701B.590, 703.025) “Agricultural property” has the meaning ascribed to it in NRS 701B.420.

701B.435 “Program year” defined. (NRS 701B.590, 703.025) “Program year” has the meaning ascribed to it in NRS 701B.490.

701B.440 “Public property” defined. (NRS 701B.590, 703.025) “Public property” has the meaning ascribed to it in NRS 701B.500.

701B.445 “School property” defined. (NRS 701B.590, 703.025) “School property” has the meaning ascribed to it in NRS 701B.510.

701B.450 “Small business” defined. (NRS 701B.590, 703.025) “Small business” has the meaning ascribed to it in NRS 701B.520.

701B.515 Incentives for school property and other public property: Application for reservation; duties of utility and applicant; cancellation of application; extension of expiration date for reservation; submission and contents of claim. (NRS 701B.590, 701B.615, 703.025) For school property and other public 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, at a minimum, issued a request for proposal or other solicitation for the installation of the wind energy system.

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

(c) A copy of the request for proposal or other solicitation for the installation of the wind energy system, or a copy of the executed agreement to purchase and install the wind energy system.

2. The utility shall, within 30 days after receipt of an application, review the application to determine whether it is complete and the applicant is eligible. Once the utility determines that an application is complete and that the applicant is eligible, the utility shall reserve money allocated for the specified size of the wind energy system and send a notice to the applicant. The notice must list:

(a) The incentive amount that has been reserved for the project;

(b) The date 90 days after the issuance of the notice by which the applicant must submit a checklist approved by the Commission documenting the progress of the project and demonstrating that there is a sustained commitment to complete the project within 12 months after the date of the notice;

(c) The date 180 days after the issuance of the notice by which the applicant must submit all documentation required to confirm the reservation in the initial notice, including, without limitation:

(1) A copy of the executed agreement to purchase and install the wind energy system;

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

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

(d) An expiration date for the reservation, which must be 12 months after the date of the issuance of the initial notice pursuant to this subsection.

3. The reservation of money pursuant to subsection 2 is valid only until the date for submission of the checklist pursuant to paragraph (b) of subsection 2.

4. If the documentation required by paragraph (c) of subsection 2 is received on or before the required date but is found to be incomplete or requires clarification, the utility shall request additional information. If the applicant has not submitted the additional requested information within 20 calendar days after receipt of the request, the application will be cancelled. Once the applicant has sufficiently demonstrated that the project is progressing, the utility shall issue a notice that the reservation has been confirmed.

5. If the applicant provides documentation to satisfy all of the requirements described in subsections 1 and 2 at the time of the initial application, the utility shall, within 30 days after receipt of the application:

(a) Review the application and determine whether it is complete and the applicant is eligible; and

(b) Either issue a notice that the project has a confirmed reservation or request more information as described in subsection 4.

6. The expiration date listed on the notice issued pursuant to subsection 2 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 an executed agreement between the system owner and the host customer.

7. To receive the full incentive available for the reservation, the applicant must complete the installation of the participating wind energy system and submit a form to claim the incentive pursuant to subsection 8 not later than the expiration date listed on the notice issued pursuant to subsection 2 or, if the applicant has obtained an extended expiration date pursuant to subsection 6, 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 not 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 qualified for 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 2 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 must be the amount indicated on the notice issued pursuant to subsection 5.

8. 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 power.

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.

9. 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.

701B.625 “Program year” defined. (NRS 701B.840, 703.025) “Program year” has the meaning ascribed to it in NRS 701B.760.