

CHAPTER.....

AN ACT relating to energy; revising provisions relating to certain energy conservation standards adopted by the Director of the Office of Energy and the governing body of a local government; providing that certain design professionals are not subject to disciplinary action for complying with certain energy conservation standards; providing that the adoption of certain energy conservation standards by the Director and the governing body of a local government shall not be deemed to prohibit the Director or governing body from approving and implementing certain energy efficiency programs; revising provisions relating to net metering systems; requiring electric utilities in this State to submit to the Public Utilities Commission of Nevada certain proposed tariffs pursuant to which an electric utility is required to offer net metering to certain customers of the electric utility; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires the Director of the Office of Energy and the governing body of a local government to adopt certain standards for the conservation of energy in buildings. (NRS 701.220) **Section 1** of this bill prohibits the Director and a governing body from adopting certain standards mandating requirements for air changes per hour. **Sections 1, 3 and 4** of this bill provide that certain design professionals are not subject to disciplinary action by their respective licensing boards for complying with the energy conservation standards adopted by a governing body pursuant to **section 1**. **Section 1** further provides that the adoption of certain energy conservation standards by the Director and a governing body shall not be deemed to prohibit the Director or governing body from approving and implementing certain energy efficiency programs related to new residential construction.

Existing law requires electric utilities to offer net metering to the customer-generators operating within the service area of the utility until the cumulative capacity of all net metering systems operating in this State is equal to 3 percent of the total peak capacity of all electric utilities in this State. (NRS 704.773) **Section 2.95** of this bill revises the amount of cumulative capacity for which utilities are required to offer net metering in accordance with existing law. **Section 2.3** of this bill requires each electric utility to offer net metering to customers who submit an application to the utility to install net metering systems after the date on which such revised cumulative capacity requirement is met in accordance with a tariff filed by the electric utility and approved by the Public Utilities Commission of Nevada. **Section 2.3** sets forth the authority of the Commission relative to the approval of such tariffs and authorizes the Commission to determine whether and the extent to which any tariff is applicable to existing customer-generators. **Section 4.5** of this bill requires each electric utility to submit to the Commission the proposed tariff required by **section 2.3** not later than July 31, 2015, and requires the Commission to review and approve or disapprove each such proposed tariff not later than December 31, 2015. **Section 4.5** provides that a tariff approved by the Commission



cannot take effect until after the date on which the cumulative capacity requirement prescribed by **section 2.95** is met. **Section 4.5** also requires an electric utility, in the event that the Commission does not approve a tariff on or before December 31, 2015, to offer net metering to customer-generators in accordance with applicable provisions of law as such provisions existed before the effective date of this bill for the period beginning January 1, 2016, and ending on the date on which the Commission approves a tariff, unless a court has issued an order staying or prohibiting the enforcement or issuance of a written order or tariff approved by the Commission.

Existing law prohibits an electric utility from making changes in any schedule or imposing any rate on residential customers which is based on the time of day, day of the week or time of year during which the electricity is used or which otherwise varies based upon the time during which the electricity is used. (NRS 704.085) **Section 2.5** of this bill provides that this prohibition does not apply to residential customers who are users of net metering systems.

Existing law requires each electric utility to submit to the Commission every 3 years a plan to increase the utility's supply of electricity or decrease the demands made on its system by its customers. Existing law provides that the plan must include certain components, including: (1) an energy efficiency program for residential customers; and (2) a comparison of a diverse set of scenarios to address issues relating to customer demand, which must include at least one scenario of low carbon intensity. (NRS 704.741) **Section 2.7** of this bill requires that the scenario of low carbon intensity must include the deployment of distributed generation. Additionally, **section 2.7** requires that the plan include an analysis of the effects of net metering on the reliability of the distribution system of the electric utility and the costs to the electric utility to provide electric service to all customers.

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

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 701.220 is hereby amended to read as follows:
701.220 1. The Director shall adopt regulations for the conservation of energy in buildings, including manufactured homes. ~~{Such}~~ *Except as otherwise provided in subsection 5, such* regulations must include the adoption of the most recent version of the International Energy Conservation Code, issued by the International Code Council, and any amendments to the Code that will not materially lessen the effective energy savings requirements of the Code and are deemed necessary to support effective compliance and enforcement of the Code, and must establish the minimum standards for:

- (a) The construction of floors, walls, ceilings and roofs;
- (b) The equipment and systems for heating, ventilation and air-conditioning;
- (c) Electrical equipment and systems;
- (d) Insulation; and



(e) Other factors which affect the use of energy in a building.
→ The regulations must provide for the adoption of the most recent version of the International Energy Conservation Code, and any amendments thereto, every third year.

2. The Director may exempt a building from a standard if the Director determines that application of the standard to the building would not accomplish the purpose of the regulations.

3. The regulations must authorize allowances in design and construction for sources of renewable energy used to supply all or a part of the energy required in a building.

4. The standards adopted by the Director are the minimum standards for the conservation of energy and energy efficiency in buildings in this State. The governing body of a local government that is authorized by law to adopt and enforce a building code:

(a) Except as otherwise provided in paragraph (b), shall incorporate the standards adopted by the Director in its building code;

(b) ~~May~~ *Except as otherwise provided in subsection 5, may* adopt higher or more stringent standards and must report any such higher or more stringent standards, along with supporting documents, to the Director; and

(c) Shall enforce the standards adopted.

5. *The Director or the governing body of a local government shall not adopt a standard which mandates a requirement for air changes per hour that is outside the following ranges:*

(a) Less than 4 1/2 or more than 7 air changes per hour for an attached residence or any residence for which fire sprinklers are installed; or

(b) Less than 4 or more than 7 air changes per hour for any residence other than a residence described in paragraph (a).

6. *A design professional who complies with the standards adopted by the Director or the governing body of a local government pursuant to this section is not subject to disciplinary action by the State Board of Architecture, Interior Design and Residential Design pursuant to paragraph (f) of subsection 1 of NRS 623.270 or the State Board of Professional Engineers and Land Surveyors pursuant to NRS 625.410.*

7. *Nothing in this section shall be deemed to prohibit the Director or the governing body of a local government from approving and implementing a program for the purpose of increasing energy efficiency in new residential construction through the use of sample inspections.*



8. The Director shall solicit comments regarding the adoption of regulations pursuant to this section from:

- (a) Persons in the business of constructing and selling homes;
- (b) Contractors;
- (c) Public utilities;
- (d) Local building officials; and
- (e) The general public,

↳ before adopting any regulations. The Director must conduct at least three hearings in different locations in the State, after giving 30 days' notice of each hearing, before the Director may adopt any regulations pursuant to this section.

9. As used in this section, "design professional" means a person who holds a professional license or certificate issued pursuant to chapter 623 or 625 of NRS.

Sec. 2. (Deleted by amendment.)

Sec. 2.3. Chapter 704 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 3, each utility shall, in accordance with a tariff filed by the utility and approved by the Commission, offer net metering to customer-generators who submit applications to install net metering systems within its service territory after the date on which the cumulative capacity requirement described in paragraph (a) of subsection 1 of NRS 704.773 is met.

2. For the purposes of evaluating and approving any tariff filed with the Commission pursuant to subsection 1 and otherwise carrying out the provisions of this section, the Commission:

(a) May establish one or more rate classes for customer-generators.

(b) May establish terms and conditions for the participation by customer-generators in net metering, including, without limitation, limitations on enrollment in net metering which the Commission determines are appropriate to further the public interest.

(c) May close to new customer-generators a tariff filed pursuant to subsection 1 and approved by the Commission if the Commission determines that closing the tariff to new customer-generators is in the public interest.

(d) May authorize a utility to establish just and reasonable rates and charges to avoid, reduce or eliminate an unreasonable shifting of costs from customer-generators to other customers of the utility.



(e) Shall not approve a tariff filed pursuant to subsection 1 or authorize any rates or charges for net metering that unreasonably shift costs from customer-generators to other customers of the utility.

3. In approving any tariff submitted pursuant to subsection 1, the Commission shall determine whether and the extent to which any tariff approved or rates or charges authorized pursuant to this section are applicable to customer-generators who, on or before the date on which the cumulative capacity requirement described in paragraph (a) of subsection 1 of NRS 704.773 is met, submitted a complete application to install a net metering system within the service territory of a utility.

Sec. 2.5. NRS 704.085 is hereby amended to read as follows:

704.085 1. ~~Am~~ *Except as otherwise provided in subsection 2, an* electric utility shall not make changes in any schedule or impose any rate, and the Commission shall not approve any changes in any schedule or authorize the imposition of any rate by an electric utility, which requires a residential customer to purchase electric service at a rate which is based on the time of day, day of the week or time of year during which the electricity is used or which otherwise varies based upon the time during which the electricity is used, except that the Commission may approve such a change in a schedule or authorize the imposition of such a rate if the approval or authorization is conditioned upon an election by a residential customer to purchase electric service at such a rate.

2. The provisions of subsection 1 do not apply to any changes in a schedule or rates imposed on a customer-generator.

3. As used in this section ~~the~~ *“electric”*:

(a) “Customer-generator” has the meaning ascribed to it in NRS 704.768.

(b) “Electric utility” has the meaning ascribed to it in NRS 704.187.

Sec. 2.7. NRS 704.741 is hereby amended to read as follows:

704.741 1. A utility which supplies electricity in this State shall, on or before July 1 of every third year, in the manner specified by the Commission, submit a plan to increase its supply of electricity or decrease the demands made on its system by its customers to the Commission.

2. The Commission shall, by regulation:

(a) Prescribe the contents of such a plan, including, but not limited to, the methods or formulas which are used by the utility to:

(1) Forecast the future demands; and



(2) Determine the best combination of sources of supply to meet the demands or the best method to reduce them; and

(b) Designate renewable energy zones and revise the designated renewable energy zones as the Commission deems necessary.

3. The Commission shall require the utility to include in its plan:

(a) An energy efficiency program for residential customers which reduces the consumption of electricity or any fossil fuel and which includes, without limitation, the use of new solar thermal energy sources. ~~† and †~~

(b) A comparison of a diverse set of scenarios of the best combination of sources of supply to meet the demands or the best methods to reduce the demands, which must include at least one scenario of low carbon intensity ~~†~~ *that includes the deployment of distributed generation.*

(c) An analysis of the effects of the requirements of NRS 704.766 to 704.775, inclusive, and section 2.3 of this act on the reliability of the distribution system of the utility and the costs to the utility to provide electric service to all customers. The analysis must include an evaluation of the costs and benefits of addressing issues of reliability through investment in the distribution system.

4. The Commission shall require the utility to include in its plan a plan for construction or expansion of transmission facilities to serve renewable energy zones and to facilitate the utility in meeting the portfolio standard established by NRS 704.7821.

5. As used in this section:

(a) “Carbon intensity” means the amount of carbon by weight emitted per unit of energy consumed.

(b) “Renewable energy zones” means specific geographic zones where renewable energy resources are sufficient to develop generation capacity and where transmission constrains the delivery of electricity from those resources to customers.

Sec. 2.8. NRS 704.766 is hereby amended to read as follows:

704.766 It is hereby declared to be the purpose and policy of the Legislature in enacting NRS 704.766 to 704.775, inclusive, *and section 2.3 of this act* to:

1. Encourage private investment in renewable energy resources;

2. Stimulate the economic growth of this State;

3. Enhance the continued diversification of the energy resources used in this State; and

4. Streamline the process for customers of a utility to apply for and install net metering systems.



Sec. 2.9. NRS 704.767 is hereby amended to read as follows:
704.767 As used in NRS 704.766 to 704.775, inclusive, *and section 2.3 of this act*, unless the context otherwise requires, the words and terms defined in NRS 704.7675 to 704.772, inclusive, have the meanings ascribed to them in those sections.

Sec. 2.95. NRS 704.773 is hereby amended to read as follows:
704.773 1. A utility shall offer net metering ~~as set forth in~~ *the following*:

(a) In accordance with the provisions of this section, NRS 704.774 and 704.775, to the customer-generators operating within its service area until the date on which the cumulative capacity of all net metering systems ~~operating in this State is equal to 3 percent of the total peak capacity of~~ for which all utilities in this State ~~have accepted or approved completed applications for net metering is equal to 235 megawatts.~~

(b) After the date on which the cumulative capacity requirement described in paragraph (a) is met, in accordance with a tariff filed by the utility and approved by the Commission pursuant to section 2.3 of this act.

2. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of not more than 25 kilowatts, the utility:

(a) Shall offer to make available to the customer-generator an energy meter that is capable of registering the flow of electricity in two directions.

(b) May, at its own expense and with the written consent of the customer-generator, install one or more additional meters to monitor the flow of electricity in each direction.

(c) Except as otherwise provided in subsection 5, shall not charge a customer-generator any fee or charge that would increase the customer-generator's minimum monthly charge to an amount greater than that of other customers of the utility in the same rate class as the customer-generator.

3. If the net metering system of a customer-generator who accepts the offer of a utility for net metering has a capacity of more than 25 kilowatts, the utility:

(a) May require the customer-generator to install at its own cost:

(1) An energy meter that is capable of measuring generation output and customer load; and

(2) Any upgrades to the system of the utility that are required to make the net metering system compatible with the system of the utility.



(b) Except as otherwise provided in paragraph (c) and subsection 5, may charge the customer-generator any applicable fee or charge charged to other customers of the utility in the same rate class as the customer-generator, including, without limitation, customer, demand and facility charges.

(c) Shall not charge the customer-generator any standby charge.

↳ At the time of installation or upgrade of any portion of a net metering system, the utility must allow a customer-generator governed by this subsection to pay the entire cost of the installation or upgrade of the portion of the net metering system.

4. If the net metering system of a customer-generator is a net metering system described in paragraph (b) or (c) of subsection 1 of NRS 704.771 and:

(a) The system is intended primarily to offset part or all of the customer-generator's requirements for electricity on property contiguous to the property on which the net metering system is located; and

(b) The customer-generator sells or transfers his or her interest in the contiguous property,

↳ the net metering system ceases to be eligible to participate in net metering.

5. A utility shall assess against a customer-generator:

(a) If applicable, the universal energy charge imposed pursuant to NRS 702.160; ~~and~~

(b) Any charges imposed pursuant to chapter 701B of NRS or NRS 704.7827 or 704.785 which are assessed against other customers in the same rate class as the customer-generator ~~and~~; *and*

(c) The charges or rates, if any, which the Commission determines must be assessed against the customer-generator pursuant to any tariff submitted to and approved by the Commission pursuant to section 2.3 of this act.

↳ For any such charges calculated on the basis of a kilowatt-hour rate, the customer-generator must only be charged with respect to kilowatt-hours of energy delivered by the utility to the customer-generator.

6. The Commission shall adopt regulations prescribing the form and substance for a net metering tariff and a standard net metering contract. The regulations must include, without limitation:

(a) The particular provisions, limitations and responsibilities of a customer-generator which must be included in a net metering tariff with regard to:

- (1) Metering equipment;
- (2) Net energy metering and billing; and



(3) Interconnection,

↳ based on the allowable size of the net metering system.

(b) The particular provisions, limitations and responsibilities of a customer-generator and the utility which must be included in a standard net metering contract.

(c) A timeline for processing applications and contracts for net metering applicants.

(d) Any other provisions the Commission finds necessary to carry out the provisions of NRS 704.766 to 704.775, inclusive ~~H~~, *and section 2.3 of this act.*

Sec. 3. NRS 623.270 is hereby amended to read as follows:

623.270 1. ~~The~~ *Except as otherwise provided in subsection 6 of NRS 701.220, the* Board may place the holder of any certificate of registration issued pursuant to the provisions of this chapter on probation, publicly reprimand the holder of the certificate, impose a fine of not more than \$10,000 against him or her, suspend or revoke his or her license, impose the costs of investigation and prosecution upon him or her or take any combination of these disciplinary actions for any of the following acts:

(a) The certificate was obtained by fraud or concealment of a material fact.

(b) The holder of the certificate has been found guilty by the Board or found guilty or guilty but mentally ill by a court of justice of any fraud, deceit or concealment of a material fact in his or her professional practice, or has been convicted by a court of justice of a crime involving moral turpitude.

(c) The holder of the certificate has been found guilty by the Board of incompetency, negligence or gross negligence in:

(1) The practice of architecture or residential design; or

(2) His or her practice as a registered interior designer.

(d) The holder of a certificate has affixed his or her signature or seal to plans, drawings, specifications or other instruments of service which have not been prepared by the holder of the certificate or in his or her office, or under his or her responsible control, or has permitted the use of his or her name to assist any person who is not a registered architect, registered interior designer or residential designer to evade any provision of this chapter.

(e) The holder of a certificate has aided or abetted any unauthorized person to practice:

(1) Architecture or residential design; or

(2) As a registered interior designer.

(f) The holder of the certificate has violated any law, regulation or code of ethics pertaining to:



- (1) The practice of architecture or residential design; or
- (2) Practice as a registered interior designer.

(g) The holder of a certificate has failed to comply with an order issued by the Board or has failed to cooperate with an investigation conducted by the Board.

2. The conditions for probation imposed pursuant to the provisions of subsection 1 may include, but are not limited to:

- (a) Restriction on the scope of professional practice.
- (b) Peer review.
- (c) Required education or counseling.
- (d) Payment of restitution to each person who suffered harm or loss.

3. An order that imposes discipline and the findings of fact and conclusions of law supporting that order are public records.

4. The Board shall not privately reprimand the holder of any certificate of registration issued pursuant to this chapter.

5. As used in this section:

(a) "Gross negligence" means conduct which demonstrates a reckless disregard of the consequences affecting the life or property of another person.

(b) "Incompetency" means conduct which, in:

- (1) The practice of architecture or residential design; or
- (2) Practice as a registered interior designer,

↳ demonstrates a significant lack of ability, knowledge or fitness to discharge a professional obligation.

(c) "Negligence" means a deviation from the normal standard of professional care exercised generally by other members in:

- (1) The profession of architecture or residential design; or
- (2) Practice as a registered interior designer.

Sec. 4. NRS 625.410 is hereby amended to read as follows:

625.410 ~~The~~ ***Except as otherwise provided in subsection 6 of NRS 701.220, the*** Board may take disciplinary action against a licensee, an applicant for licensure, an intern or an applicant for certification as an intern for:

1. The practice of any fraud or deceit in obtaining or attempting to obtain or renew a license or cheating on any examination required by this chapter.

2. Any gross negligence, incompetency or misconduct in the practice of professional engineering as a professional engineer or in the practice of land surveying as a professional land surveyor.

3. Aiding or abetting any person in the violation of any provision of this chapter or regulation adopted by the Board.



4. Conviction of or entry of a plea of nolo contendere to any crime an essential element of which is dishonesty or which is directly related to the practice of engineering or land surveying.

5. A violation of any provision of this chapter or regulation adopted by the Board.

6. Discipline by another state or territory, the District of Columbia, a foreign country, the Federal Government or any other governmental agency, if at least one of the grounds for discipline is the same or substantially equivalent to any ground contained in this chapter.

7. Practicing after the license of the professional engineer or professional land surveyor has expired or has been suspended or revoked.

8. Failing to comply with an order issued by the Board.

9. Failing to provide requested information within 30 days after receipt of a request by the Board or its investigators concerning a complaint made to the Board.

Sec. 4.5. 1. Each utility shall, on or before July 31, 2015, file with the Public Utilities Commission of Nevada a tariff required by section 2.3 of this act and a cost-of-service study.

2. The tariff filed pursuant to subsection 1 must establish the terms and conditions for net metering service for customer-generators who submit an application to the utility to install net metering systems within the service territory of the utility after the date on which the tariff takes effect. The terms and conditions of service must include, without limitation, the rates the utility must charge for providing electric service to customer-generators.

3. The rates included in the terms and conditions of service established pursuant to subsection 2 may include, without limitation:

(a) A basic service charge that reflects marginal fixed costs incurred by the utility to provide service to customer-generators;

(b) A demand charge that reflects the marginal demand costs incurred by the utility to provide service to customer-generators; and

(c) An energy charge that reflects the marginal energy costs incurred by the utility to provide service to customer-generators.

↳ The charges included pursuant to this subsection must adequately reflect the marginal costs of providing service to customer-generators.

4. The Public Utilities Commission of Nevada shall, in accordance with the provisions of section 2.3 of this act, conduct a review of each tariff filed by a utility pursuant to subsection 1 and issue a written order approving or disapproving, in whole or in part,



the proposed tariff not later than December 31, 2015. The Commission may make modifications to the tariff, including modifications to the rate design and the terms and conditions of net metering services to customer-generators. A tariff approved pursuant to this section must not take effect until after the date on which the cumulative capacity requirement described in paragraph (a) of subsection 1 of NRS 704.773 is met.

5. Except as otherwise provided in subsection 6, if for any reason the Commission does not approve a tariff as required by subsection 4 on or before December 31, 2015, and notwithstanding the amendatory provisions of this act to the contrary, for the period beginning January 1, 2016, and ending on the date on which the Commission approves a tariff pursuant to section 2.3 of this act, a utility shall offer net metering to customer-generators in a manner consistent with the provisions of NRS 704.773, 704.774 and 704.775 as those sections existed before the effective date of this act.

6. If a court of competent jurisdiction issues an order prohibiting the Commission from issuing a written order or approving a tariff as required by subsection 4, or staying or prohibiting the enforcement of a written order or tariff issued or approved pursuant thereto, an electric utility is not required to offer net metering after the date on which the cumulative capacity requirement described in paragraph (a) of subsection 1 of NRS 704.773 is met until after the date on which the order of the court has been lifted.

7. As used in this section:

(a) "Customer-generator" has the meaning ascribed to it in NRS 704.768.

(b) "Demand costs" means those costs associated with the maximum load requirement of a customer, such as kilowatt or kilovolt amperes, and which are typically represented by the electric utility's investment in generating units, transmission facilities and the distribution system.

(c) "Energy costs" means those costs associated with a customer's requirement for a volume of energy, such as fuel and purchased power costs.

(d) "Fixed costs" means those investments and expenses that do not vary with output and which typically reflect the electric utility's investment in back office systems, customer facilities, customer-related expenses and labor costs.

(e) "Net metering" has the meaning ascribed to it in NRS 704.769.



(f) "Net metering system" has the meaning ascribed to it in NRS 704.771.

(g) "Utility" has the meaning ascribed to it in NRS 704.772.

Sec. 5. This act becomes effective upon passage and approval.

