

SENATE BILL NO. 374—SENATOR FARLEY

MARCH 17, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to energy.  
(BDR 58-800)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

~

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

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:**

1 Existing law requires the Director of the Office of Energy and the governing  
2 body of a local government to adopt certain standards for the conservation of  
3 energy in buildings. (NRS 701.220) **Section 1** of this bill prohibits the Director and  
4 a governing body from adopting certain standards mandating requirements for air  
5 changes per hour. **Sections 1, 3 and 4** of this bill provide that certain design  
6 professionals are not subject to disciplinary action by their respective licensing  
7 boards for complying with the energy conservation standards adopted by a  
8 governing body pursuant to **section 1**. **Section 1** further provides that the adoption  
9 of certain energy conservation standards by the Director and a governing body shall



10 not be deemed to prohibit the Director or governing body from approving and  
11 implementing certain energy efficiency programs related to new residential  
12 construction.

13 Existing law requires electric utilities to offer net metering to the customer-  
14 generators operating within the service area of the utility until the cumulative  
15 capacity of all net metering systems operating in this State is equal to 3 percent of  
16 the total peak capacity of all electric utilities in this State. (NRS 704.773) **Section**  
17 **2.3** of this bill requires each electric utility to offer net metering to customers who  
18 install net metering systems on or after the date on which such cumulative capacity  
19 requirement is met in accordance with a tariff filed by the electric utility and  
20 approved by the Public Utilities Commission of Nevada. **Section 2.3** sets forth the  
21 authority of the Commission relative to the approval of such tariffs. **Section 4.5** of  
22 this bill requires each electric utility to submit to the Commission the proposed  
23 tariff required by **section 2.3** not later than July 31, 2015, and requires the  
24 Commission to review and approve or disapprove each such proposed tariff not  
25 later than December 31, 2015.

26 Existing law prohibits an electric utility from making changes in any schedule  
27 or imposing any rate on residential customers which is based on the time of day,  
28 day of the week or time of year during which the electricity is used or which  
29 otherwise varies based upon the time during which the electricity is used. (NRS  
30 704.085) **Section 2.5** of this bill provides that this prohibition does not apply to  
31 residential customers who are users of net metering systems.

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

---

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

1 **Section 1.** NRS 701.220 is hereby amended to read as follows:

2 701.220 1. The Director shall adopt regulations for the  
3 conservation of energy in buildings, including manufactured homes.  
4 ~~[Such]~~ *Except as otherwise provided in subsection 5, such*  
5 regulations must include the adoption of the most recent version of  
6 the International Energy Conservation Code, issued by the  
7 International Code Council, and any amendments to the Code that  
8 will not materially lessen the effective energy savings requirements  
9 of the Code and are deemed necessary to support effective  
10 compliance and enforcement of the Code, and must establish the  
11 minimum standards for:

12 (a) The construction of floors, walls, ceilings and roofs;



1 (b) The equipment and systems for heating, ventilation and  
2 air-conditioning;

3 (c) Electrical equipment and systems;

4 (d) Insulation; and

5 (e) Other factors which affect the use of energy in a building.

6 ↪ The regulations must provide for the adoption of the most recent  
7 version of the International Energy Conservation Code, and any  
8 amendments thereto, every third year.

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

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

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

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

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

26 (c) Shall enforce the standards adopted.

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

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

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

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

42 7. *Nothing in this section shall be deemed to prohibit the*  
43 *Director or the governing body of a local government from*  
44 *approving and implementing a program for the purpose of*



1 *increasing energy efficiency in new residential construction*  
2 *through the use of sample inspections.*

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

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

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

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

17 **Sec. 2.** (Deleted by amendment.)

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

20 1. *Except as otherwise provided in subsection 3, each electric*  
21 *utility shall, in accordance with a tariff filed by the electric utility*  
22 *and approved by the Commission, offer net metering to customer-*  
23 *generators who, on or after the date on which the cumulative*  
24 *capacity requirement of subsection 1 of NRS 704.773 is met,*  
25 *install net metering systems within its service territory.*

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

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

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

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

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

44 (e) *Shall not approve a tariff filed pursuant to subsection 1 or*  
45 *authorize any rates or charges for net metering that unreasonably*



1 *shift costs from customer-generators to other customers of the*  
2 *electric utility.*

3 3. *To avoid a significant disruption of the net metering*  
4 *market, the Commission may, in its discretion and without a*  
5 *hearing, approve a tariff submitted pursuant to subsection 1*  
6 *subject to any requirements relating to adjustments which the*  
7 *Commission may impose. In approving a tariff pursuant to this*  
8 *subsection, the Commission may solicit comments from any*  
9 *interested parties and may substitute for any rates, terms or*  
10 *conditions contained in the tariff submitted by the electric utility*  
11 *such rates, terms and conditions as the Commission determines*  
12 *are just and reasonable.*

13 4. *As used in this section, "electric utility" has the meaning*  
14 *ascribed to it in NRS 704.187.*

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

16 704.085 1. ~~[An]~~ *Except as otherwise provided in subsection*

17 *2, an electric utility shall not make changes in any schedule or*  
18 *impose any rate, and the Commission shall not approve any changes*  
19 *in any schedule or authorize the imposition of any rate by an electric*  
20 *utility, which requires a residential customer to purchase electric*  
21 *service at a rate which is based on the time of day, day of the week*  
22 *or time of year during which the electricity is used or which*  
23 *otherwise varies based upon the time during which the electricity is*  
24 *used, except that the Commission may approve such a change in a*  
25 *schedule or authorize the imposition of such a rate if the approval or*  
26 *authorization is conditioned upon an election by a residential*  
27 *customer to purchase electric service at such a rate.*

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

30 3. As used in this section ~~[, "electric]~~ :

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

33 (b) *"Electric utility" has the meaning ascribed to it in*  
34 *NRS 704.187.*

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

36 704.741 1. A utility which supplies electricity in this State  
37 shall, on or before July 1 of every third year, in the manner specified  
38 by the Commission, submit a plan to increase its supply of  
39 electricity or decrease the demands made on its system by its  
40 customers to the Commission.

41 2. The Commission shall, by regulation:

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

44 (1) Forecast the future demands; and



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

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

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

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

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

16 (c) *An analysis of the effects of the requirements of NRS*  
17 *704.766 to 704.775, inclusive, and section 2.3 of this act on the*  
18 *reliability of the distribution system of the electric utility and the*  
19 *costs to the electric utility to provide electric service to all*  
20 *customers. The analysis must include an evaluation of the costs*  
21 *and benefits of addressing issues of reliability through investment*  
22 *in the distribution system.*

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

27 5. As used in this section:

28 (a) "Carbon intensity" means the amount of carbon by weight  
29 emitted per unit of energy consumed.

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

34 **Sec. 2.9.** NRS 704.767 is hereby amended to read as follows:

35 704.767 As used in NRS 704.766 to 704.775, inclusive, *and*  
36 *section 2.3 of this act*, unless the context otherwise requires, the  
37 words and terms defined in NRS 704.7675 to 704.772, inclusive,  
38 have the meanings ascribed to them in those sections.

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

40 623.270 1. ~~[-The]~~ *Except as otherwise provided in subsection*  
41 *6 of NRS 701.220, the* Board may place the holder of any certificate  
42 of registration issued pursuant to the provisions of this chapter on  
43 probation, publicly reprimand the holder of the certificate, impose a  
44 fine of not more than \$10,000 against him or her, suspend or revoke  
45 his or her license, impose the costs of investigation and prosecution



1 upon him or her or take any combination of these disciplinary  
2 actions for any of the following acts:

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

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

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

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

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

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

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

23 (1) Architecture or residential design; or

24 (2) As a registered interior designer.

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

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

28 (2) Practice as a registered interior designer.

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

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

34 (a) Restriction on the scope of professional practice.

35 (b) Peer review.

36 (c) Required education or counseling.

37 (d) Payment of restitution to each person who suffered harm or  
38 loss.

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

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

43 5. As used in this section:



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

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

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

6 (2) Practice as a registered interior designer,

7 ↪ demonstrates a significant lack of ability, knowledge or fitness to  
8 discharge a professional obligation.

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

11 (1) The profession of architecture or residential design; or

12 (2) Practice as a registered interior designer.

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

14 625.410 ~~[The]~~ *Except as otherwise provided in subsection 6 of*  
15 *NRS 701.220, the* Board may take disciplinary action against a  
16 licensee, an applicant for licensure, an intern or an applicant for  
17 certification as an intern for:

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

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

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

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

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

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

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

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

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

43 **Sec. 4.5.** 1. Each electric utility shall, on or before July 31,  
44 2015, file with the Public Utilities Commission of Nevada a tariff  
45 required by section 2.3 of this act and a cost-of-service study.





1 2. The tariff filed pursuant to subsection 1 must establish the  
2 terms and conditions for net metering service for customer-  
3 generators who install net metering systems within the service  
4 territory of the electric utility on or after the date on which the  
5 cumulative capacity requirement of subsection 1 of NRS 704.773 is  
6 met. The terms and conditions of service must include, without  
7 limitation, the rates the electric utility must charge for providing  
8 electric service to customer-generators.

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

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

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

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

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

24 4. The Public Utilities Commission of Nevada shall, in  
25 accordance with the provisions of section 2.3 of this act, conduct a  
26 review of each tariff filed by an electric utility pursuant to  
27 subsection 1 and issue a written order approving or disapproving, in  
28 whole or in part, the proposed tariff not later than December 31,  
29 2015. The Commission may make modifications to the tariff,  
30 including modifications to the rate design and the terms and  
31 conditions of net metering services to customer-generators.

32 5. As used in this section:

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

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

40 (c) "Electric utility" has the meaning ascribed to it in  
41 NRS 704.187.

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



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

5 (f) "Net metering" has the meaning ascribed to it in  
6 NRS 704.769.

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

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

⑩

