

LCB File No. T016-02

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

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In re investigation and rulemaking to potentially)
adopt regulations to implement a renewable) Docket No. 02-5029
energy credit program.)
_____)

NOTICE OF INTENT TO ADOPT REGULATIONS;
NOTICE OF WORKSHOP AND NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada (“Commission”) will hold a WORKSHOP on **Tuesday, November 5, 2002**, 10:00 a.m., at the offices of the Commission, Hearing Room B, 1150 East William Street, Carson City, Nevada 89701, at which time interested persons may appear and be heard. This hearing may be continued day to day as necessary. The purpose of this hearing is to receive comments from all interested persons regarding the attached proposed regulations concerning the issue of a renewable energy credit program.

NOTICE IS HEREBY GIVEN that the Public Utilities Commission of Nevada (“Commission”) will hold a HEARING on **Friday, November 8, 2002**, 10:00 a.m., at the offices of the Commission, Hearing Room A, 101 Convention Center Drive, Las Vegas, Nevada 89109, at which time interested persons may appear and be heard. This hearing may be continued day to day as necessary. The purpose of this hearing is to receive comments from all interested persons regarding the attached proposed regulations concerning the issue of a renewable energy credit program.

The following information is provided pursuant to the requirements of NRS 233B.0603: Nevada Revised Statutes 704.7821(4) provides that the Commission may adopt regulations that establish a system of renewable energy credits that may be used by a provider to comply with its portfolio standard for renewable energy.

The proposed regulations potentially affect all entities that offer or will offer electric services, as well as the customers of such entities. At this time, the Commission cannot quantify either the adverse or beneficial economic effects on the entities affected by the regulation or the public, either immediate or long-term, which may result from the regulation.

The Commission cannot quantify at this time any increase in costs associated with enforcement of these proposed regulations. The regulations do not overlap or duplicate any other state or local federal government regulation, nor do they establish any new fee or increase an existing fee.

Persons wishing to comment upon the proposed action of the Commission may appear at the scheduled public hearing or address their comments, data, views, or arguments, in written form, to the Secretary of the Commission, 1150 E. William Street, Carson City, Nevada 89701 or 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109.

A copy of this notice and the proposed regulations will be on file at the State Library, 100 Stewart Street, Carson City, Nevada, for inspection by members of the public during business hours. Additional copies of the notice and the proposed regulations will be available at the offices of the Commission, at 1150 East William Street, Carson City, Nevada 89701 and 101 Convention Center Drive, Suite 250, Las Vegas, Nevada 89109; and in all counties in which an office of the agency is not maintained, at the main public library, for inspection and copying by members of the public during business hours. This notice and the text of the proposed

regulations are also available in the State of Nevada Register of Administrative Regulations, which is prepared and published monthly by the Legislative Counsel Bureau pursuant to NRS 233B.0653, and on the Internet at <http://www.leg.state.nv.us>. Copies of this notice and the proposed regulations will also be mailed to members of the public upon request. A reasonable fee may be charged for copies if it is deemed necessary.

Upon adopting any regulation, the agency, if requested to do so by an interested person, either before adoption or within 30 days thereafter, will issue a concise statement of the principal reasons for and against its adoption and incorporate therein its reason for overruling the consideration urged against its adoption.

This notice has been posted at the county courthouses located in Reno, Carson City, and Las Vegas.

By the Commission,

CRYSTAL JACKSON, Commission Secretary

Dated: Carson City, Nevada

(SEAL)

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

Docket No. 02-5029
October 3, 2002

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

Authority: NRS 703.025, 704.7801-704.7828 inclusive.

Section 1. Chapter 704 of NAC is hereby amended by adding thereto the provisions set forth as Sections 2 to 20, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 24, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 15, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *"Compliance year" means a calendar year that begins on January 1 and ends on December 31. This term does not include any calendar year that begins before January 1, 2003.*

Sec. 4. *"Commission" means the Public Utilities Commission of Nevada.*

Sec. 5. *"Customer-maintained distributed renewable energy system" is a facility or energy system used and maintained by an end-use customer that uses renewable energy to generate electricity, that does not make use of the utility transmission or distribution systems except for meters and associated equipment used to measure the electrical output of the energy system, and that is used to offset some, but not more than all, of the customer's electrical load.*

Sec. 6. *"Designated representative" is a person legally authorized by the owner of a renewable energy system to represent that system before the commission.*

Sec. 7. *"Portfolio standard" has the meaning ascribed to it in NRS 704.7805.*

Sec. 8. *"Provider of electric service" or "provider" has the meaning ascribed to it in NRS 704.7808.*

Sec. 9. *"Renewable energy system" has the meaning ascribed to it in NRS 704.7815.*

Sec. 10. *"Renewable Energy" has the meaning ascribed to it in NRS 704.7811.*

Sec. 11. *"Renewable energy credit (REC)" is the unit of credit represented by the production of one kilowatt-hour (kWh) of electrical generation by a renewable energy. For a*

solar thermal offset facility, the REC is the unit of credit represented by the equivalent of electrical generation that has been offset at the facility by the operation of the solar thermal facility. For net metering systems, the REC is the unit of credit represented by either metered production or a reasonable estimate of the production of such systems pursuant to section 20(4).

Sec. 12. *“Renewable energy credit account” is the account maintained by the REC trading program administrator for the purpose of tracking the production, sale, transfer and retirement of RECs.*

Sec. 13. *“REC trading program administrator” or “administrator” is the entity appointed by the Commission to administrate the REC trading program.*

Sec. 14. *“Retirement” is the process by which the REC trading program administrator removes RECs from circulation.*

Sec. 15. *“Utility provider” means a provider of electric service that is a public utility.*

Sec. 16. *Renewable Energy Credits (RECs) may be used to comply with NRS 704.7801 through 704.7828.*

Sec. 17. *In order to trade RECs pursuant to this rule, a renewable energy system must register with the Commission for authorization.*

1. The application must include:

(a) The legal name of the applicant and all other names under which the applicant is doing business in the United States.

(b) The current telephone number and mailing address of the applicant.

(c) A copy of each business license and certificate issued by this state and any local government within this state authorizing the applicant to conduct business in this state.

(d) The name, phone number, address and e-mail of the designated representative.

(e) A map showing the location of the facility, and an electrical one-line diagram showing the facility’s interconnection point(s) with the local distribution or transmission system and the location of all generation units.

(f) Type of renewable energy system.

(g) The rated nameplate capacity.

(h) The date the renewable energy system was placed in service.

(i) Estimated yearly production in kilowatt-hours.

(j) Location and type of metering. Specify primary metering or secondary metering at multiple sites.

(k) If fossil fuel is used as an energy source to generate electricity, what percentage of the total input to the renewable energy system is fossil fuel. If more than two percent of the total input, as measured in British thermal units, is used by the renewable energy system to generate electricity, then state the percentage and whether separate metering is practical.

(l) Information demonstrating that the renewable energy system meets the eligibility requirements set forth in NRS 704.7815.

(m) A signature page signed by an authorized agent which states that the renewable energy system will submit to the commission's jurisdiction, for the purposes of participating in the renewable energy credit trading program.

2. If any information contained in the application changes, the renewable energy system must notify the commission and supply updated information.

Sec. 18. *Renewable energy systems that have been authorized to participate by the commission must submit quarterly production data to the commission or the REC trading program administrator, no later than 30 days after the last day of the month in the calendar quarter. The reported quantity shall be solely produced from, and attributable to, a renewable energy system as so designated by the commission.*

1. Each provider must submit to the administrator a quarterly report which states the amount of renewable energy and the number of RECs purchased from each renewable energy system in a form specified by the administrator.

Sec. 19. *For renewable energy systems under contract before the effective date of this regulation, the RECs generated by the renewable energy system pursuant to the contract shall be awarded to the provider of electric service, or as otherwise determined in a proceeding pursuant to NAC 704B.010 through NAC 704B.420.*

Sec. 20. *RECs shall be certified in the following manner:*

1. Electricity produced by an authorized renewable energy system shall be metered and quarterly meter readings shall be submitted to the commission.

(a) Except as provided in subsections 20(2), 20(3), and 20(4), the administrator shall certify RECs to a renewable energy system for the net metered output in kilowatt-hours delivered to the transmission system or the distribution system and sold to a provider of electric service. The net

metered output shall be provided to the administrator by the entity that either owns, operates, or controls the transmission or the distribution system to which the renewable energy is delivered.

(b) Except as provided in subsections 20(2), 20(3), and 20(4), the administrator shall certify RECs to a renewable energy system for the difference between the metered production in kilowatt-hours and the net metered output set forth in subsection 20(1)(a). Unless otherwise stated by renewable energy contract, the RECs certified in this subsection shall be awarded to the owner of the renewable energy system.

2. The administrator shall certify RECs for a customer-maintained distributed renewable energy system line loss factor at 1.1 times the metered number of kilowatt-hours produced and used by the customer served by the customer-maintained distributed renewable energy system.

3. Solar thermal energy systems that meet the requirements of NRS 704.7815, may use a thermal energy meter to measure the energy output of the system. Such systems will be credited with 1 kWh of electricity produced for each 3,412 British Thermal Units of heat produced by the solar thermal system.

4. Net metering systems pursuant to NRS 704.771 will be credited RECs quarterly based upon metering data if available, or on a reasonable estimate of the production of such systems using National Renewable Energy Laboratory's calculation PV Watts II for solar systems without production metering. The RECs generated by a net metering system shall be allocated between the owner of the net metering system and the utility provider with the owner of the net metering system receiving two-thirds of any RECs and the utility provider one-third of any RECs, unless another allocation is provided for by mutual agreement.

5. Each quarterly REC statement issued by the administrator shall be identified by a unique serial number determined as follows:

(a) Year, four digits, signifying the year the REC was issued.

(b) Month, two digits, signifying the month the REC was issued.

(c) Type of renewable resource, two characters, signifying the type of resource.

(d) Facility ID number, 6 characters, signifying a unique ID number assigned to the renewable energy system by the commission or the administrator.

(e) REC number, 10 digits, signifying the amount (in thousands) of kWh generated.

(f) Held for future use, 2 characters.

6. Each REC statement shall list the metered kWh produced by the renewable energy system, or for non-metered renewable energy systems by the calculated output, the type of renewable energy credit identified in subsections 20(1) through 20(4).

7. The Facility ID number shall be fixed for the facility's lifetime, and shall therefore remain constant regardless of changes in Facility name or ownership. Facilities must file changes of name, ownership, or other relevant certification information to the commission as soon as practicable after such change has occurred.

8. RECs are valid for a period of five years after the date of issue.

9. The administrator shall maintain a publicly accessible website for the purpose of posting transactions for the registration, certification, trading and retiring of RECs.

Sec. 21. Transfers of ownership of RECs:

1 Upon receipt of a joint request from the owner of a REC and a purchaser of the REC, the administrator will transfer the REC from the owner's account to the account specified in the transfer request. Transfers shall be notified by e-mail.

2. If a request for transfer cannot be executed, the administrator will notify the requesting entities within 15 days of the reason.

3. A monthly statement of each account shall be mailed to each participant.

Sec. 22. Retiring of RECs:

1. A REC owner's designated representative must submit retirement requests to the administrator. The administrator shall maintain records to identify all RECs that have been retired and to identify the basis on which RECs were retired. RECs shall be retired due to mandatory compliance with NRS. 704.7801 through 704.7828, voluntary retirement, or expiration.

Sec. 23. Utility Provider Accounting for Renewable Energy Credits:

1. A utility provider shall account for renewable energy credits using general instruction 21 as described in the FERC System of Accounts in 18 CFR 101, except that account 555 shall be substituted for accounts 509, 411.8 and 411.9.

2. Accounting for renewable energy credits under subsection 1 shall be in separate subaccounts distinct from all other items in such accounts.

3. A utility provider shall apply for the inclusion of any losses or gains from the purchase or sale of renewable energy credits in each application for deferred energy under NRS 704.110 and 704.187 and NAC 704.023 through 704.195.

Sec. 24. *Sections 1 to 23 of this regulation cease to be effective after August 1, 2005, unless self-supporting funding for the program described therein is approved by the Nevada Legislature.*