

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

LCB File No. R210-09

January 15, 2010

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

AUTHORITY: §§1-19, section 17 of Senate Bill No. 188, chapter 414, Statutes of Nevada 2009, at page 2264 (NRS 701B.336), and section 23 of Senate Bill No. 188, chapter 414, Statutes of Nevada 2009, at page 2265 (NRS 701B.342).

A REGULATION relating to energy; establishing the Solar Thermal Systems Demonstration Program for use by public utilities that supply natural gas in this State; establishing rebates for the installation of certain solar thermal systems; providing for the recovery by utilities of certain costs relating to the 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 19, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 19, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 4 to 16, inclusive, of Senate Bill No. 188, chapter 414, Statutes of Nevada 2009, at pages 2263 and 2264 (NRS 701B.303 to 701B.333, inclusive), and sections 3 to 9, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Applicant” means:*

- 1. A customer who applies to participate in the Solar Thermal Program or on whose behalf such an application is made; or*
- 2. An eligible contractor who applies on behalf of a customer to participate in the Solar Thermal Program.*

Sec. 4. *“Btu” means a British Thermal Unit.*

Sec. 5. *“Btu/day” means a thermal performance rating of a solar thermal system.*

Sec. 6. *“Customer” means a customer of a utility that supplies natural gas in this State.*

Sec. 7. *“Eligible contractor” means a person who has been approved by a utility pursuant to section 12 of this regulation to install solar thermal systems for the customers of the utility.*

Sec. 8. *“Program” or “Solar Thermal Program” means the Solar Thermal Systems Demonstration Program established by section 10 of this regulation.*

Sec. 9. *“Solar Thermal Program rate” means the rate established pursuant to NRS 704.110 to recover the costs of the Solar Thermal Program.*

Sec. 10. 1. *In accordance with the requirements of section 17 of Senate Bill No. 188, chapter 414, Statutes of Nevada 2009, at page 2264 (NRS 701B.336), the Commission hereby establishes the Solar Thermal Systems Demonstration Program for use by public utilities that supply natural gas in this State.*

2. *The Solar Thermal Program consists of the following categories of participants:*

(a) *School property;*

(b) *Public and other property;*

(c) *Private residential property; and*

(d) *Small business property.*

Sec. 11. 1. *To qualify for the Solar Thermal Program, a solar thermal system must:*

(a) *Be located on property within the Nevada service territory of a participating utility.*

(b) *Be installed in a building which is connected to an existing distribution system of a participating utility.*

(c) Consist of components that are new and unused.

(d) Have a manufacturer's warranty of not less than 10 years that covers the solar collectors of the solar thermal system against defects and undue degradation.

(e) Have a manufacturer's warranty of not less than 5 years that covers the components of the solar thermal system that are not covered pursuant to paragraph (d).

(f) Have a workmanship warranty of not less than 2 years that covers the installation of the solar thermal system, including labor and materials.

(g) Be installed in conformity with the manufacturer's specifications and all applicable codes and standards.

(h) Be installed by an eligible contractor.

(i) Include a meter or other measuring device to enable the utility to evaluate the output of the installed solar thermal system.

2. In addition to the requirements of subsection 1, if a solar thermal system is installed on property that is included within the category of:

(a) Private residential property, the solar thermal system must have an OG-300 certification that is issued by the Solar Rating and Certification Corporation.

(b) School property, public and other property or small business property, the solar thermal system must:

(1) Have an OG-300 certification that is issued by the Solar Rating and Certification Corporation, if applicable; or

(2) Have an OG-100 certification or similar certification which is appropriate for the specific type of property and which is issued by the Solar Rating and Certification Corporation and must include:

(I) Documentation that supports the sound design of the solar thermal system; and

(II) The signature of a professional engineer attesting to the sound design of the solar thermal system.

Sec. 12. 1. *To qualify as an eligible contractor and be approved by a utility to install solar thermal systems for the customers of the utility under the Solar Thermal Program, a contractor must:*

(a) Submit to the utility:

(1) A contractor participation application on a form provided by the utility;

(2) Proof that the contractor has been issued a classification C-1 license with the appropriate subclassification by the State Contractors' Board pursuant to regulations adopted by the Board;

(3) Proof of valid workers' compensation insurance, commercial general liability insurance and business auto insurance; and

(4) Documentation of all warranties that will apply to solar thermal systems installed by the contractor.

(b) Successfully complete a 1-day training workshop provided by the utility.

2. *A utility shall maintain a list of all eligible contractors who have been approved by the utility to install solar thermal systems for the customers of the utility under the Solar Thermal Program.*

Sec. 13. 1. *To be eligible for a rebate pursuant to the Solar Thermal Program, a solar thermal system that is installed on property that is included within the category of private residential property or small business property is subject to the provisions of this section.*

2. *An eligible contractor who has been approved by the utility must submit a program application for each project to the utility on a form provided by the utility. The application must be accompanied by a copy of:*

(a) A contract signed by a customer of the utility;

(b) All warranties applicable to the solar thermal system and the installation of the solar thermal system; and

(c) Authorization to act on behalf of the customer.

3. *The program application must require the eligible contractor to estimate the amount of any rebate for which the solar thermal system is eligible based on all information available at the time the application is submitted to the utility.*

4. *If the program application is determined by the utility to be incomplete or to require clarification, the utility shall request additional information from the applicant. If the applicant fails to submit the requested information within 20 calendar days after receiving the request, the utility shall cancel the application. If an application is cancelled by the utility, the applicant may resubmit a program application for the project to the utility. All resubmitted program applications must be treated as new applications and be processed in sequence with other new applications. Rebate money must not be reserved until the utility receives all required information and documentation and approves the project.*

5. *Upon receiving a program application, the utility shall review the application for completeness and determine eligibility for a rebate. If the utility approves the project, the utility shall issue a confirmed reservation notice for the project. The confirmed reservation notice must:*

(a) Include the specific dollar amount of the rebate reserved for the project;

(b) Specify an expiration date for the reservation of the rebate, which must be 12 months after the date of issuance of the notice; and

(c) Specify that the solar thermal system must be purchased, installed and put into operation not later than the expiration date specified in the confirmed reservation notice.

6. After the solar thermal system has been purchased, installed and put into operation, the applicant must submit to the utility a rebate claim package which includes a rebate claim form and all supporting documentation required by the utility. The rebate claim form must be signed by the eligible contractor and the customer.

7. To receive the rebate, all requirements of the Solar Thermal Program must be met and a complete rebate claim package must be submitted to the utility before the expiration date specified in the confirmed reservation notice.

8. If a rebate claim package is incomplete or requires clarification, the utility shall request the required information from the applicant. If the applicant fails to provide the required information within 20 calendar days after receiving the request for information, the utility may reject the rebate claim form. If a rebate claim package is not received on or before the expiration date specified in the confirmed reservation notice, or the information in the rebate claim package indicates that the project is otherwise ineligible, the utility shall send to the applicant a written notice stating the reasons why the project is rejected and not eligible for a rebate. The applicant may resubmit a rebate claim package but will be subject to the eligibility requirements, rebate levels and funding available at the time of the resubmission.

Sec. 14. 1. *To be eligible for a rebate pursuant to the Solar Thermal Program, a solar thermal system which is installed on property that is included within the category of school property or public and other property is subject to the provisions of this section.*

2. *An eligible contractor who has been approved by the utility must submit a program application for each project to the utility on a form provided by the utility. The application must be accompanied by a copy of:*

(a) A contract signed by a customer of the utility;

(b) All warranties applicable to the solar thermal system and the installation of the solar thermal system; and

(c) Authorization to act on behalf of the customer.

3. *The program application must require the eligible contractor to estimate the amount of any rebate for which the solar thermal system is eligible based on all information available at the time the application is submitted to the utility.*

4. *If the program application is determined by the utility to be incomplete or to require clarification, the utility shall request additional information from the applicant. If the applicant fails to submit the requested information within 20 calendar days after receiving the request, the utility shall cancel the application. If an application is cancelled by the utility, the applicant may resubmit a program application for the project to the utility. All resubmitted program applications must be treated as new applications and be processed in sequence with other new applications. Rebate money must not be reserved until the utility receives all required information and documentation and approves the project.*

5. *Upon receiving a program application, the utility shall review the application for completeness and determine eligibility for a rebate. If the utility approves the project, the utility shall issue an initial reservation notice, confirming that a specific rebate amount is reserved for the project.*

6. Not later than 60 days after the issuance of the initial reservation notice, the applicant must submit to the utility:

(a) A completed checklist for proof of project milestones provided by the utility;

(b) A copy of the request for proposals or other solicitation by the customer for the installation of the project; and

(c) A copy of an executed contract signed by the customer for the purchase and installation of the solar thermal system.

7. Not later than 240 days after the issuance of the initial reservation notice, the applicant must submit to the utility a complete package for proof of project milestones as required by the utility. If the proof of project milestones documentation is received by the utility on or before the date due but requires clarification or is missing required documentation, the utility shall request the required information from the applicant. If the applicant fails to provide the required information within 20 calendar days after receiving the request for information, the utility shall cancel the application. If the utility determines that the information submitted to the utility pursuant to this subsection sufficiently demonstrates that the project is advancing satisfactorily, the utility shall issue a confirmed reservation notice for the project. The confirmed reservation notice must:

(a) Include the specific dollar amount of the rebate reserved for the project;

(b) Specify an expiration date for the reservation of the rebate, which must be 30 months after the date of issuance of the initial reservation notice; and

(c) Specify that the solar thermal system must be purchased, installed and put into operation not later than the expiration date specified in the confirmed reservation notice.

8. After the solar thermal system has been purchased, installed and put into operation, the applicant must submit to the utility a rebate claim package which includes a rebate claim form and all required supporting documentation required by the utility. The rebate claim form must be signed by the eligible contractor and the customer.

9. To receive the rebate, all requirements of the Solar Thermal Program must be met and a complete rebate claim package must be submitted before the expiration date specified in the confirmed reservation notice.

10. If a rebate claim package is incomplete or requires clarification, the utility shall request the required information from the applicant. If the applicant fails to provide the required information within 20 calendar days after receiving the request for information, the utility may reject the rebate claim form. If a rebate claim package is not received on or before the expiration date specified in the confirmed reservation notice, or the information in the rebate claim package indicates that the project is otherwise ineligible, the utility shall send a written notice to the applicant stating the reasons why the project is rejected and not eligible for a rebate. The applicant may resubmit a rebate claim package but will be subject to the eligibility requirements, rebate levels and funding available at the time of the resubmission.

Sec. 15. Not later than 90 days after the effective date of this regulation and annually thereafter, each utility that supplies natural gas in this State shall file with the Commission a plan which must include:

- 1. A schedule describing major program milestones of the Solar Thermal Program.*
- 2. A budget which includes information relating to:*
 - (a) Rebates;*
 - (b) Contractor costs;*

(c) Marketing costs;

(d) Training costs; and

(e) Utility administrative costs.

3. A report on the productivity of the Solar Thermal Program for the previous year and a status report on the current year, including, without limitation:

(a) The number of applications received by the utility in each category of the Solar Thermal Program;

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

(c) The annual budget and expenditures of the Solar Thermal Program;

(d) A list of completed installations;

(e) A summary of marketing results; and

(f) A description of training for inspectors, certifiers and eligible contractors and educational activities.

4. A description of the application process, including, without limitation:

(a) The procedures to be followed by the applicant and the utility; and

(b) Copies of current or proposed applications and forms.

5. A detailed advertising plan.

6. An education and training plan.

7. An inspection and verification plan.

8. Any recommendations on modifications to the existing schedule of rebates.

Sec. 16. 1. *To reach the goal of 3,000 solar thermal installations by 2019, the allocation of the number of solar thermal systems to be installed for each utility must be based on the approximate number of customers of the utility on September 30, 2009.*

2. For a utility that has more than 600,000 customers:

(a) The total number of solar thermal systems to be installed is 2,430.

(b) The number of solar thermal systems to be installed in the first and second rebate steps is 405.

(c) The number of solar thermal systems to be installed in the third rebate step is 1,620.

3. For any other utility:

(a) The total number of solar thermal systems to be installed is 570.

(b) The number of solar thermal systems to be installed in the first and second rebate steps is 95.

(c) The number of solar thermal systems to be installed in the third rebate step is 380.

4. The rebate payment levels must automatically be reduced over the duration of the Solar Thermal Program in three steps, based on the volume of confirmed reservations. The duration of each step must be dependent on when the utility reaches its goal. The amount of the rebate for each step of the Solar Thermal Program is as follows:

(a) For the first rebate step:

<i>Category</i>	<i>Rebate Level</i>	<i>Maximum Rebates</i>
<i>School Property</i>	<i>\$6.00 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$6.00 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>

<i>Category</i>	<i>Rebate Level</i>	<i>Maximum Rebates</i>
<i>Private Residential Property</i>	<i>\$4.00 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>
<i>Small Business Property</i>	<i>\$4.00 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>

(b) For the second rebate step:

<i>Category</i>	<i>Rebate Level</i>	<i>Maximum Rebates</i>
<i>School Property</i>	<i>\$5.50 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$5.50 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>
<i>Private Residential Property</i>	<i>\$3.50 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>
<i>Small Business Property</i>	<i>\$3.50 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>

(c) For the third rebate step:

<i>Category</i>	<i>Rebate Level</i>	<i>Maximum Rebates</i>
<i>School Property</i>	<i>\$5.00 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>
<i>Public and Other Property</i>	<i>\$5.00 per 100 Btu/day</i>	<i>Not more than 50 percent of system cost</i>
<i>Private Residential Property</i>	<i>\$3.00 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>
<i>Small Business Property</i>	<i>\$3.00 per 100 Btu/day</i>	<i>Not more than 30 percent of system cost</i>

5. If the rebates specified in this section change between the time a program application is approved and the time the solar thermal system is complete, the participant must receive the rebate which was in effect at the time that the application was approved.

Sec. 17. All reasonable and prudent costs associated with carrying out and administering the Solar Thermal Program must be accounted for in the books and records of a utility separately from amounts attributable to any other activity. The utility must select a method pursuant to section 18 or 19 of this regulation to account for such costs and revenues.

Sec. 18. 1. Except as otherwise provided in section 19 of this regulation, a utility shall account for costs and revenues in the following manner:

(a) Calculate, on a monthly basis, the costs incurred and revenues received in the Solar Thermal Program since the end of the test period in its last proceeding to change the Solar Thermal Program rate;

(b) Record the cost of the Solar Thermal Program in a separate subaccount of FERC Account No. 182.3 and make an appropriate offset to other subaccounts;

(c) Maintain subsidiary records of the subaccount of FERC Account No. 182.3 which must clearly delineate, without limitation, the rebates, contractor costs, marketing costs, training costs and utility administrative costs associated with the Solar Thermal Program;

(d) Record in the subaccount of FERC Account No. 182.3 the revenues attributable to the Solar Thermal Program Rate to recover the costs of the Solar Thermal Program; and

(e) Apply a carrying charge at the rate of one-twelfth of the authorized rate of return to the monthly ending balance in the subaccount of FERC Account No. 182.3.

2. The labor and overhead costs of the utility related to the Solar Thermal Program must be recovered in a general rate case filing.

3. A utility shall include with its annual rate adjustment application filed pursuant to subsection 8 of NRS 704.110 a revised Solar Thermal Program rate. The revised Solar Thermal Program rate must be calculated by adding the following two components:

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

(b) A clearing rate determined by dividing the cumulative balance in the Solar Thermal 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.

4. The Commission will allow recovery of all prudent Solar Thermal Program costs included in the subaccount of FERC Account 182.3 at the end of the test period, as defined in NAC 704.063, and adjust the Solar Thermal Program rate accordingly.

Sec. 19. *In lieu of accounting for costs and revenues in the manner set forth in section 18 of this regulation, a utility may account for costs and revenues in the following manner:*

1. The utility may recover approved costs through a per therm surcharge after application and Commission approval.

2. The utility shall account for costs and revenues on a monthly basis in the following manner:

(a) Debit the account for costs for implementing and administering the Solar Thermal Program and record monthly;

(b) Credit the account for the revenues attributable to the Solar Thermal Program rate; and

(c) Apply a carrying charge equal to one-twelfth of the authorized overall rate of return to the monthly balance.

3. The accumulated amount in the program account balance must be cleared by establishing a surcharge or credit to amortize the account balance over a 1-year period, unless otherwise specified by the Commission.