

SENATE BILL NO. 282—SENATORS SPEARMAN, FORD, PARKS;  
DENIS, KIHUEN, MANENDO, SEGERBLOM AND WOODHOUSE

MARCH 13, 2015

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to energy.  
(BDR 58-259)

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

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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 the payment of incentives to participants in the Solar Energy Systems Incentive Program, the Wind Energy Systems Demonstration Program and the Waterpower Energy Systems Demonstration Program; providing for the implementation by certain electric utilities of energy efficiency resource plans; authorizing such electric utilities to recover certain costs and performance-based incentives as the result of implementing a plan; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

1 Existing law establishes the Solar Energy Systems Incentive Program, the Wind  
2 Energy Systems Demonstration Program and the Waterpower Energy Systems  
3 Demonstration Program. Existing law further establishes the amount of incentives  
4 that may be authorized for payment by the Public Utilities Commission of Nevada  
5 to each Program. (NRS 701B.005, 701B.010-701B.290, 701B.400-701B.650,  
6 701B.700-701B.880) **Section 1** of this bill combines the amount of existing  
7 incentives available for payment to each Program into a single pool of money from  
8 which the Commission may authorize the payment of an incentive to a Program.  
9 **Section 1** further requires the Commission, for the period beginning on January 1,  
10 2016, and ending on December 31, 2021, to authorize the payment of incentives in  
11 an amount not less than \$2 million per year for the installation of solar energy  
12 systems and distributed generation systems at locations throughout the service  
13 territories of electric utilities in this State which benefit low-income customers.  
14 **Section 2** of this bill provides that incentives available to participants under the  
15 Solar Program must account for the cost of labor with respect to the installation of a  
16 solar energy system or distributed generation system. **Section 2** further provides  
17 that incentives available to a participant that is a public entity or nonprofit



18 organization must not exceed 75 percent of the installed cost of the solar energy  
19 system or distributed generation system based on the average installed cost of a  
20 system, as applicable, by public entities and nonprofit organizations in the  
21 immediately preceding year.

22 Existing law provides for the implementation by certain electric utilities of  
23 certain energy efficiency and conservation programs and further authorizes an  
24 electric utility to recover certain costs associated with the implementation of the  
25 program in accordance with regulations adopted by the Commission. (NRS  
26 704.785) **Sections 4-12** of this bill provide for the development and implementation  
27 of energy efficiency resource plans by electric utilities for the period beginning on  
28 July 1, 2016, and ending on June 30, 2025, for the purpose of encouraging a  
29 reduction in energy consumption by the retail customers of the electric utility  
30 through the purchase, installation and implementation of energy efficiency  
31 measures. **Section 10** requires each electric utility annually to develop and the  
32 Commission to approve a plan that requires the electric utility to reimburse its retail  
33 customers for the purchase, installation or implementation of energy efficiency  
34 measures up to a certain cumulative amount based on the gross sales of electricity  
35 by the electric utility to its retail customers. **Section 14** of this bill authorizes an  
36 electric utility that implements such a plan to recover certain costs of the electric  
37 utility in implementing the plan in accordance with regulations adopted by the  
38 Commission. **Section 11** authorizes the electric utility, in addition to the recovery  
39 of its costs pursuant to **section 14**, annually to recover a performance-based  
40 incentive in a certain amount if the utility meets or exceeds the reimbursement  
41 requirements under the plan. **Section 12** requires the Commission to adopt  
42 regulations providing for the evaluation and administration of energy efficiency  
43 resource plans and authorizes the Commission, under certain circumstances, to  
44 increase the cumulative amount of the reimbursement that is required under the  
45 plan and the amount of the performance-based incentive that an electric utility may  
46 receive as the result of meeting or exceeding its reimbursement requirement in a  
47 plan year.

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

1 **Section 1.** NRS 701B.005 is hereby amended to read as  
2 follows:

3 701B.005 1. For the purposes of carrying out the Solar  
4 Energy Systems Incentive Program created by NRS 701B.240, and  
5 subject to the limitations prescribed by ~~subsection 2.~~ *subsections 2*  
6 *and 3*, the Public Utilities Commission of Nevada shall set incentive  
7 levels and schedules, with a goal of approving solar energy systems  
8 totaling at least 250,000 kilowatts of capacity in this State for the  
9 period beginning on July 1, 2010, and ending on December 31,  
10 2021.

11 2. ~~The~~ *Except as otherwise provided in subsection 3, the*  
12 *Commission* ~~shall not~~ *may* authorize the payment of an incentive  
13 pursuant to ~~†~~

14 ~~(a) The~~ *the* Solar Energy Systems Incentive Program *created*  
15 *by NRS 701B.240, the Wind Energy Systems Demonstration*  
16 *Program created by NRS 701B.580 and the Waterpower Energy*



1 *Systems Demonstration Program created by NRS 701B.820* if the  
2 payment of the incentive would *not* cause the total amount of  
3 incentives paid by all utilities in this State for the installation of  
4 solar energy systems , ~~and~~ solar distributed generation systems ,  
5 *wind energy systems and waterpower energy systems* to exceed  
6 ~~[\$255,270,000]~~ *\$295,270,000* for the period beginning on July 1,  
7 2010, and ending on December 31, 2025.

8 ~~[(b) The Wind Energy Systems Demonstration Program created~~  
9 ~~by NRS 701B.580 and the Waterpower Energy Systems~~  
10 ~~Demonstration Program created by NRS 701B.820 if the payment of~~  
11 ~~the incentive would cause the total amount of incentives paid by all~~  
12 ~~utilities in this State for the installation of wind energy systems and~~  
13 ~~waterpower energy systems to exceed \$40,000,000 for the period~~  
14 ~~beginning on July 1, 2009, and ending on December 31, 2025. The~~  
15 ~~Commission shall by regulation determine the allocation of~~  
16 ~~incentives for each Program.]~~

17 3. *For the period beginning on January 1, 2016, and ending*  
18 *on December 31, 2021, the Commission shall, from the money*  
19 *allocated for the payment of an incentive pursuant to subsection 2,*  
20 *authorize the payment of incentives in an amount of not less than*  
21 *\$2 million per year for the installation of solar energy systems and*  
22 *distributed generation systems at locations throughout the service*  
23 *territories of utilities in this State which benefit low-income*  
24 *customers, including, without limitation, homeless shelters,*  
25 *multifamily and single-family low-income housing developments*  
26 *and public entities that serve significant populations of low-*  
27 *income residents.*

28 4. The Commission may, subject to the limitations prescribed  
29 by ~~subsection 2,]~~ *subsections 2 and 3,* authorize the payment of  
30 performance-based incentives for the period ending on  
31 December 31, 2025.

32 ~~[4]~~ 5. A utility may file with the Commission one combined  
33 annual plan which meets the requirements set forth in NRS  
34 701B.230, 701B.610 and 701B.850. The Commission shall review  
35 and approve any plan submitted pursuant to this subsection in  
36 accordance with the requirements of NRS 701B.230, 701B.610 and  
37 701B.850, as applicable.

38 ~~[5]~~ 6. As used in this section:

39 (a) “Distributed generation system” has the meaning ascribed to  
40 it in NRS 701B.055.

41 (b) “Utility” means a public utility that supplies electricity in  
42 this State.



1 **Sec. 2.** NRS 701B.200 is hereby amended to read as follows:

2 701B.200 The Commission shall adopt regulations necessary  
3 to carry out the provisions of NRS 701B.010 to 701B.290, inclusive,  
4 including, without limitation, regulations that:

5 1. Establish the type of incentives available to participants in  
6 the Solar Program and the level or amount of those incentives. The  
7 incentives must be market-based incentives that:

8 (a) Do not exceed ~~150~~:

9 *(1) Seventy-five percent of the installed cost of a solar*  
10 *energy system or distributed generation system to a public entity or*  
11 *nonprofit organization, including the cost of labor, as determined*  
12 *by using the average installed cost of solar energy systems or*  
13 *distributed generation systems, as applicable, to public entities and*  
14 *nonprofit organizations installed in the immediately preceding*  
15 *year; or*

16 *(2) Fifty percent of the installed cost of a solar energy system*  
17 *or distributed generation system ~~to~~ to a person other than a public*  
18 *entity or nonprofit organization, including the cost of labor, as*  
19 *determined by using the average installed cost of ~~the~~ solar energy*  
20 *systems or distributed generation systems, as applicable, to such*  
21 *persons installed in the immediately preceding year;*

22 (b) Are designed to maximize the number of customer  
23 categories participating in the Solar Program based on  
24 demographics and location, including, without limitation, categories  
25 for public entities, customers of lower socioeconomic status,  
26 nonprofit organizations and commercial, industrial and residential  
27 customers; and

28 (c) Provide for a sustainable Solar Program that maintains  
29 sufficient customer participation and that provides for the measured  
30 award of incentives to as many participants as possible on or before  
31 December 31, 2021.

32 2. Establish the requirements for a utility's annual plan for  
33 carrying out and administering the Solar Program. A utility's annual  
34 plan must include, without limitation:

35 (a) A detailed plan for advertising the Solar Program;

36 (b) A detailed budget and schedule for carrying out and  
37 administering the Solar Program;

38 (c) A detailed account of administrative processes and forms  
39 that will be used to carry out and administer the Solar Program,  
40 including, without limitation, a description of the application  
41 process and copies of all applications and any other forms that are  
42 necessary to apply for and participate in the Solar Program;

43 (d) A detailed account of the procedures that will be used for  
44 inspection and verification of a participant's solar energy system  
45 and compliance with the Solar Program;



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1 (e) A detailed account of training and educational activities that  
2 will be used to carry out and administer the Solar Program;

3 (f) Any other information that the Commission requires from the  
4 utility as part of the administration of the Solar Program; and

5 (g) Any other information required by the Commission.

6 3. Authorize a utility to recover the reasonable costs incurred in  
7 carrying out and administering the installation of distributed  
8 generation systems.

9 **Sec. 3.** Chapter 704 of NRS is hereby amended by adding  
10 thereto the provisions set forth as sections 4 to 12, inclusive, of this  
11 act.

12 **Sec. 4.** *As used in NRS 704.785 and 704.786 and sections 4*  
13 *to 12, inclusive, of this act, unless the context otherwise requires,*  
14 *the words and terms defined in sections 5 to 9, inclusive, of this act*  
15 *have the meanings ascribed to them in those sections.*

16 **Sec. 5.** *“Electric utility” has the meaning ascribed to it in*  
17 *NRS 704.187.*

18 **Sec. 6. 1.** *“Energy efficiency and conservation program”*  
19 *means a program for residential customers of an electric utility*  
20 *which reduces the consumption of electricity or any fossil fuel and*  
21 *which includes without limitation, the use of new solar thermal*  
22 *energy sources.*

23 **2.** *The term does not include an energy efficiency resource*  
24 *plan.*

25 **Sec. 7. 1.** *“Energy efficiency measure” means any measure*  
26 *designed, intended or used to improve energy efficiency that is*  
27 *intended to provide, as part of an energy efficiency resource plan,*  
28 *a reduction in energy consumption by a retail customer of an*  
29 *electric utility.*

30 **2.** *The term includes, without limitation, a demand response*  
31 *measure or load limiting measure that shifts the consumption of*  
32 *energy by a retail customer from one period to another period.*

33 **3.** *The term does not include the implementation or*  
34 *assessment of any rate which is based on the time of day, day of*  
35 *the week or time of year during which the electricity is used or*  
36 *which otherwise varies based upon the time during which the*  
37 *electricity is used.*

38 **Sec. 8.** *“Energy efficiency resource plan” means a plan*  
39 *developed by an electric utility pursuant to section 10 of this act.*

40 **Sec. 9.** *“Plan year” means the period of July 1 to June 30 of*  
41 *the following year.*

42 **Sec. 10. 1.** *For each plan year beginning on July 1, 2016,*  
43 *and ending on June 30, 2025, each electric utility shall develop*  
44 *and submit to the Commission for approval an energy efficiency*  
45 *resource plan for the purpose of encouraging a reduction in the*



1 *consumption of energy by the retail customers of the electric utility*  
2 *through the purchase, installation and implementation of energy*  
3 *efficiency measures.*

4 *2. The Commission shall, for each electric utility, approve an*  
5 *energy efficiency resource plan submitted pursuant to subsection 1*  
6 *that meets the criteria established by the Commission by*  
7 *regulation unless the electric utility provides proof satisfactory to*  
8 *the Commission that developing and implementing an energy*  
9 *efficiency resource plan is unreasonably burdensome to the*  
10 *electric utility or not cost-effective for the electric utility or its*  
11 *retail customers.*

12 *3. Except as otherwise provided in paragraph (a) of*  
13 *subsection 2 of section 12 of this act, an energy efficiency resource*  
14 *plan approved pursuant to subsection 2 must provide for the*  
15 *reimbursement by an electric utility, in whole or in part, of the*  
16 *costs for the purchase, installation or implementation of energy*  
17 *efficiency measures by the retail customers of the electric utility in*  
18 *a cumulative amount equal to or greater than 1 percent of the*  
19 *gross sales of electricity by the electric utility to the retail*  
20 *customers of the electric utility in the immediately preceding plan*  
21 *year.*

22 **Sec. 11.** *1. In addition to the recovery of costs by an electric*  
23 *utility for the implementation of an energy efficiency resource*  
24 *plan pursuant to NRS 704.785, an electric utility may, if in a plan*  
25 *year the electric utility meets or exceeds the reimbursement*  
26 *requirement of an energy efficiency resource plan approved by the*  
27 *Commission pursuant to subsection 2 of section 10 of this act,*  
28 *recover for that plan year a performance-based incentive in*  
29 *accordance with subsection 2. To be eligible to receive the*  
30 *performance-based incentive, an electric utility must submit to*  
31 *the Commission at the end of a plan year an application for the*  
32 *recovery of the performance-based incentive which:*

33 *(a) Identifies the gross sales of electricity by the electric utility*  
34 *to the retail customers of the electric utility during the plan year.*

35 *(b) Identifies the cumulative amount of reimbursements by the*  
36 *electric utility under the energy efficiency resource plan*  
37 *implemented during the plan year.*

38 *(c) Includes a calculation of the amount of any performance-*  
39 *based incentive to which the electric utility may be entitled*  
40 *pursuant to subsection 2.*

41 *2. Unless the Commission adopts regulations pursuant to*  
42 *subsection 2 of section 12 of this act which require a greater*  
43 *cumulative amount of reimbursements by an electric utility or*  
44 *which provide for a performance-based incentive in a greater*  
45 *amount, if the Commission approves an application submitted*



1 pursuant to subsection 1, an electric utility is entitled to receive, if  
2 the cumulative amount of reimbursements by the electric utility to  
3 the retail customers of the electric utility under an energy  
4 efficiency resource plan are:

5 (a) Equal to or greater than 1 percent but less than 1.2 percent  
6 of the gross sales of electricity by the electric utility to the retail  
7 customers of the electric utility during the immediately preceding  
8 plan year, a performance-based incentive in an amount equal to 5  
9 percent of the amount reimbursed by the electric utility.

10 (b) Equal to or greater than 1.2 percent but less than 1.4  
11 percent of the gross sales of electricity by the electric utility to the  
12 retail customers of the electric utility during the immediately  
13 preceding plan year, a performance-based incentive in an amount  
14 equal to 6 percent of the amount reimbursed by the electric utility.

15 (c) Equal to or greater than 1.4 percent but less than 1.6  
16 percent of the gross sales of electricity by the electric utility to the  
17 retail customers of the electric utility during the immediately  
18 preceding plan year, a performance-based incentive in an amount  
19 equal to 7 percent of the amount reimbursed by the electric utility.

20 (d) Equal to or greater than 1.6 percent but less than 1.8  
21 percent of the gross sales of electricity by the electric utility to the  
22 retail customers of the electric utility during the immediately  
23 preceding plan year, a performance-based incentive in an amount  
24 equal to 8 percent of the amount reimbursed by the electric utility.

25 (e) Equal to or greater than 1.8 percent but less than 2 percent  
26 of the gross sales of electricity by the electric utility to the retail  
27 customers of the electric utility during the immediately preceding  
28 plan year, a performance-based incentive in an amount equal to 9  
29 percent of the amount reimbursed by the electric utility.

30 (f) Equal to or greater than 2 percent of the gross sales of  
31 electricity by the electric utility to the retail customers of the  
32 electric utility during the immediately preceding plan year, a  
33 performance-based incentive in an amount equal to 10 percent of  
34 the amount reimbursed by the electric utility.

35 **Sec. 12. 1. The Commission shall adopt regulations**  
36 **establishing:**

37 (a) **Criteria for the evaluation of the cost-effectiveness of the**  
38 **implementation of an energy efficiency resource plan to an**  
39 **electric utility and the retail customers of the electric utility.**

40 (b) **The process for reviewing and approving the application of**  
41 **an electric utility to receive a performance-based incentive**  
42 **submitted pursuant to subsection 1 of section 11 of this act.**

43 (c) **The manner in which a performance-based incentive is**  
44 **incrementally distributed to an electric utility during the next**  
45 **ensuing plan year.**



1        *(d) Any performance standards or other criteria that are*  
2 *necessary to evaluate the success of energy efficiency resource*  
3 *plans.*

4        *2. The Commission may adopt regulations which provide for*  
5 *an increase from year to year in:*

6        *(a) The cumulative amount of the reimbursement that is*  
7 *required under an energy efficiency resource plan pursuant to*  
8 *subsection 3 of section 10 of this act if the Commission determines*  
9 *that the increase is feasible and cost-effective for the electric utility*  
10 *and retail customers of the electric utility.*

11        *(b) The amount of a performance-based incentive to which an*  
12 *eligible electric utility may be entitled pursuant to subsection 2 of*  
13 *section 11 of this act.*

14        **Sec. 13.** NRS 704.741 is hereby amended to read as follows:

15        704.741 1. A utility which supplies electricity in this State  
16 shall, on or before July 1 of every third year, in the manner specified  
17 by the Commission, submit a plan to increase its supply of  
18 electricity or decrease the demands made on its system by its  
19 customers to the Commission.

20        2. The Commission shall, by regulation:

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

23            (1) Forecast the future demands; and

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

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

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

30        (a) An energy efficiency *and conservation* program for  
31 residential customers which reduces the consumption of electricity  
32 or any fossil fuel and which includes, without limitation, the use of  
33 new solar thermal energy sources; and

34        (b) A comparison of a diverse set of scenarios of the best  
35 combination of sources of supply to meet the demands or the best  
36 methods to reduce the demands, which must include at least one  
37 scenario of low carbon intensity.

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

42        5. As used in this section:

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





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

5 **Sec. 14.** NRS 704.785 is hereby amended to read as follows:

6 704.785 1. The Commission shall adopt regulations  
7 authorizing an electric utility to recover an amount based on the  
8 measurable and verifiable effects of the implementation by the  
9 electric utility of *an energy efficiency resource plan and* energy  
10 efficiency and conservation programs approved by the Commission,  
11 which:

12 (a) Must include:

13 (1) The costs reasonably incurred by the electric utility in  
14 implementing and administering the *energy efficiency resource*  
15 *plan and* energy efficiency and conservation programs; and

16 (2) Any financial disincentives relating to other supply  
17 alternatives caused or created by the reasonable implementation of  
18 the *energy efficiency resource plan or* energy efficiency and  
19 conservation programs; and

20 (b) May include any financial incentives to support the  
21 promotion of the participation of the customers of the electric utility  
22 in the *energy efficiency resource plan or* energy efficiency and  
23 conservation programs.

24 2. When considering whether to approve an *energy efficiency*  
25 *resource plan or* energy efficiency or conservation program  
26 proposed by an electric utility as part of a plan filed pursuant to  
27 NRS 704.741, the Commission shall consider the effect of any  
28 recovery by the electric utility pursuant to this section on the rates of  
29 the customers of the electric utility.

30 3. The regulations adopted pursuant to this section must not:

31 (a) Affect the electric utility’s incentives and allowed returns in  
32 areas not affected by the implementation of *an energy efficiency*  
33 *resource plan or* energy efficiency and conservation programs; or

34 (b) Authorize the electric utility to earn more than the rate of  
35 return authorized by the Commission in the most recently completed  
36 rate case of the electric utility.

37 ~~4. As used in this section, “electric utility” has the meaning~~  
38 ~~ascribed to it in NRS 704.187.~~

39 **Sec. 15.** 1. The Public Utilities Commission of Nevada shall  
40 take into account the gross sales of electricity by electric utilities in  
41 this State and the growth in the customer base of such electric  
42 utilities during a test year beginning on July 1, 2015, and ending on  
43 June 30, 2016, for the purposes of establishing any energy  
44 efficiency goals, the requirements for reimbursements under an  
45 energy efficiency resource plan and the payment of performance-



- 1 based incentives to an electric utility in accordance with sections 4  
2 to 12, inclusive, of this act.
- 3 2. As used in this section:
- 4 (a) "Electric utility" has the meaning ascribed to it in section 5  
5 of this act.
- 6 (b) "Energy efficiency resource plan" has the meaning ascribed  
7 to in section 8 of this act.
- 8 **Sec. 16.** 1. This act becomes effective:
- 9 (a) Upon passage and approval for the purpose of performing  
10 any preparatory administrative tasks necessary to carry out the  
11 provisions of this act; and
- 12 (b) On July 1, 2015, for all other purposes.
- 13 2. This act expires by limitation on December 31, 2025.





