

ASSEMBLY BILL NO. 405—ASSEMBLYMAN BROOKS

MARCH 20, 2017

Referred to Committee on Commerce and Labor

SUMMARY—Establishes certain protections for and ensures the rights of a person who uses renewable energy in this State. (BDR 52-959)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
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 renewable energy; creating the contractual requirements for an agreement for the lease or purchase of a distributed generation system and a power purchase agreement; describing utility rates; establishing the minimum warranty requirements for an agreement concerning a distributed generation system; providing certain immunity for solar installation companies; creating the Renewable Energy Bill of Rights; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Sections 9-11 of this bill prescribe the requirements for the cover page, provisions and summary disclosure statement of agreements for the lease of a distributed generation system. **Sections 12-14** of this bill prescribe the requirements for the cover page, provisions and summary disclosure statement of agreements for the purchase of a distributed generation system. **Sections 15-17** of this bill prescribe the requirements for the cover page, provisions and summary disclosure statement of agreements for the sale of the output of a distributed generation system, known as a power purchase agreement.

Section 18 of this bill provides the description of utility rates that must be included with an agreement created pursuant to **sections 9-17** if the agreement makes a written reference to the price of electricity that is provided by an electric utility. **Section 19** of this bill sets forth the minimum warranty requirements for an agreement created pursuant to **sections 9-17** concerning a distributed generation system.



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Section 20 of this bill makes it a deceptive trade practice if a person fails to comply with sections 2-20 of this bill. Section 20 additionally provides immunity from legal action for good faith action by solar installation companies in the installation, maintenance and operation of a distributed generation system.

Sections 22-25 of this bill create the Renewable Energy Bill of Rights that applies to each natural person who is a resident of this State.

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

Section 1. Chapter 598 of NRS is hereby amended by adding thereto the provisions set forth as sections 2 to 20, inclusive, of this act.

Sec. 2. *As used in sections 2 to 20, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 3 to 8, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Commission” means the Public Utilities Commission of Nevada.*

Sec. 4. *“Distributed generation system” means a system or facility for the generation of electricity:*

- 1. The uses solar energy to generate electricity;*
- 2. That is located on the property of a customer of an electric utility;*
- 3. That is connected on the customer’s side of the electricity meter;*
- 4. That provide electricity primarily to offset customer load on that property; and*
- 5. The excess generation from which is periodically exported to the grid in accordance with the provisions governing net metering systems used by customer-generators pursuant to NRS 704.766 to 704.775, inclusive.*

Sec. 5. *“Host customer” means either:*

- 1. The customer of record of an electric utility at the location where an energy system that uses photovoltaic cells and solar energy to generate electricity will be located; or*
- 2. A person who has been designated by the customer of record of an electric utility in a letter to the utility explaining the relationship between that person and the customer of record.*

Sec. 6. *“Portfolio energy credit” has the meaning ascribed to it in NRS 704.7803.*

Sec. 7. *“Power purchase agreement” means an agreement in which:*

- 1. A solar installation company:*



1 (a) Arranges for the design, installation, maintenance, energy
2 output and displacement standards of a distributed generation
3 system; and

4 (b) Sells the electricity generated from a distributed generation
5 system to the host customer; and

6 2. The host customer receives compensation from the solar
7 installation company for use of the property of the host customer
8 for the distributed generation system.

9 **Sec. 8.** "Solar installation company" means any form of
10 business organization or any other nongovernmental legal entity,
11 including, without limitation, a corporation, partnership,
12 association, trust or unincorporated organization, that installs,
13 maintains and operates a distributed generation system.

14 **Sec. 9.** An agreement for the lease of a distributed
15 generation system must include a cover page that provides the
16 following information in at least 10-point font:

17 1. The amounts due at the signing for and at the completion
18 of the installation or any inspection of the distributed generation
19 system.

20 2. An estimated timeline for the installation of the distributed
21 generation system.

22 3. The estimated amount of the monthly payments due under
23 the lease in the first year of operation of the distributed generation
24 system.

25 4. The length of the term of the lease.

26 5. A description of any warranties.

27 6. The rate of any payment increases.

28 7. The identification of any state or federal tax incentives that
29 are available for leasing the distributed generation system.

30 8. The estimated production of the distributed generation
31 system in the first year of operation.

32 9. A description of the terms for renewal or any other options
33 available at the end of the term of the lease.

34 10. A description of any option to purchase the distributed
35 generation system before the end of the term of the lease.

36 **Sec. 10.** An agreement for the lease of a distributed
37 generation system must include, without limitation, the following
38 information in at least 10-point font:

39 1. The name, mailing address, telephone number and number
40 of the contractor's license of the solar installation company.

41 2. The name, mailing address and telephone number of:

42 (a) The lessor of the distributed generation system; and

43 (b) The name, mailing address and telephone number of the
44 person responsible for all maintenance of the distributed



1 generation system, if different from the solar installation
2 company.

3 3. An estimated timeline for the installation of the distributed
4 generation system.

5 4. The length of the term of the lease.

6 5. A general description of the distributed generation system.

7 6. The amounts due at the signing for and at the completion
8 of the installation or any inspection of the distributed generation
9 system.

10 7. A description of any warranties.

11 8. The amount of the:

12 (a) Monthly payments due under the lease; and

13 (b) Total payments due under the lease, excluding taxes.

14 9. A description of any other one-time or recurring charges,
15 including, without limitation, a description of the circumstances
16 that trigger any late fees.

17 10. A description of any obligation the lessor has regarding
18 the installation, repair or removal of the distributed generation
19 system.

20 11. A description of any obligation the lessor has regarding
21 construction of and insurance for the distributed generation
22 system.

23 12. The estimated amount of taxes over the term of the lease.

24 13. A copy of the warranty for the distributed generation
25 system.

26 14. A disclosure notifying the lessee of the transferability of
27 the obligations under the warranty to a subsequent lessee.

28 15. The identification of any state or federal tax incentives
29 that are available for leasing the distributed generation system.

30 16. A description of the ownership of any tax credits, tax
31 rebates, tax incentives or portfolio energy credits in connection
32 with the distributed generation system.

33 17. Any terms for renewal of the lease.

34 18. A description of any option to purchase the distributed
35 generation system before the end of the term of the lease.

36 19. A description of all options available to the host customer
37 in connection with the continuation, termination or transfer of the
38 lease in the event of the:

39 (a) Sale of the property to which the distributed generation
40 system is affixed; or

41 (b) Death of the lessee.

42 20. A description of any restrictions that the lease imposes on
43 the modification or transfer of the property to which the
44 distributed generation system is affixed.



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21. *The granting to the lessee of the right to rescind the lease for a period ending not less than 3 business days after the lease is signed.*

22. *An estimate of the amount of electricity that could be generated by the distributed generation system.*

23. *A signature block that is signed and dated by the lessor and the lessee of the distributed generation system.*

Sec. 11. *1. An agreement for the lease of a distributed generation system must include a written statement that is not more than 3 pages in length and is in at least 10-point font.*

2. The written statement described in subsection 1 must be separate from the cover page and agreement described in sections 9 and 10 of this act.

3. The written statement described in subsection 1 must include, without limitation:

(a) The name, mailing address, telephone number and electronic mail address of the lessor;

(b) The name, mailing address, telephone number, electronic mail address and number of the contractor's license of the person who installed the distributed generation system, if different from the solar installation company;

(c) The name, mailing address, telephone number, electronic mail address and the number of the contractor's license of the person responsible for all maintenance of the distributed generation system, if different from the solar installation company;

(d) The length of the term of the lease;

(e) The amount of the monthly payments due under the lease in the first year of operation.

(f) The amounts due at the signing for and at the completion of the installation of the distributed generation system;

(g) The estimated amount of the total payments due under the lease, including, without limitation, any incentives that are included in the estimated lease payments;

(h) A description of any one-time or recurring fees, including, without limitation, a description of the circumstances that trigger:

(1) Any late fees;

(2) Estimated fees for the removal of the distributed generation system;

(3) Fees for a notice of removal and refileing pursuant to the Uniform Commercial Code;

(4) Fees for connecting to the Internet; and

(5) Fees for an automated clearinghouse;

(i) The total number of payments to be made under the lease;



1 (j) The due date of any payment and the manner in which the
2 consumer will receive an invoice for such payments;

3 (k) The rate of any payment increases and the date on which
4 the first increase in the rate may occur, if applicable;

5 (l) Assumptions concerning the design of the distributed
6 generation system, including, without limitation:

7 (1) The size of the distributed generation system;

8 (2) The estimated amount of production for the distributed
9 generation system in the first year of operation;

10 (3) The estimated annual degradation to the distributed
11 generation system; and

12 (4) Eligibility for net metering;

13 (m) A disclosure notifying the lessee of the intent of the lessor
14 to file a fixture filing, as defined in NRS 104A.2309, on the
15 distributed generation system;

16 (n) A disclosure notifying the lessee if maintenance and
17 repairs of the distributed generation system are included in the
18 lease;

19 (o) A disclosure describing any warranty for the repair of any
20 damage to the roof of the property owned by the lessee in
21 connection with the installation or removal of the distributed
22 generation system;

23 (p) A disclosure describing:

24 (1) The transferability of the lease; and

25 (2) Any conditions on transferring the lease in connection
26 with the lessee selling his or her property;

27 (q) A description of any guarantees of the performance of the
28 distributed generation system;

29 (r) A description of the basis for any estimates of savings that
30 were provided to the lessee, if applicable; and

31 (s) A disclosure concerning the retention of any portfolio
32 energy credits, if applicable.

33 **Sec. 12.** An agreement for the purchase of a distributed
34 generation system must include a cover page that provides the
35 following information in at least 10-point font:

36 1. The size of the distributed generation system.

37 2. The length of the term of the agreement.

38 3. The length of the term of the warranty for the distributed
39 generation system.

40 4. An estimated timeline for the installation of the distributed
41 generation system.

42 5. A description of any warranties.

43 6. The total cost of the distributed generation system.

44 7. The estimated value of any portfolio energy credits and
45 rebates of any incentives that the consumer may be eligible for.



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1 8. *The amounts due at the signing for and at the completion*
2 *of the installation of the distributed generation system.*

3 9. *The estimated production of the distributed generation*
4 *system in the first year of operation.*

5 **Sec. 13.** *An agreement for the purchase of a distributed*
6 *generation system must include, without limitation, the following*
7 *information in at least 10-point font:*

8 1. *The name, mailing address, telephone number, electronic*
9 *mail address and number of the contractor's license of the solar*
10 *installation company.*

11 2. *The name, mailing address, telephone number and*
12 *electronic mail address of:*

13 (a) *The purchaser of the distributed generation system; and*

14 (b) *The name, mailing address, telephone number and*
15 *electronic mail address of the person responsible for all*
16 *maintenance of the distributed generation system, if different from*
17 *the solar installation company.*

18 3. *The length of the term of the agreement.*

19 4. *A description of the installation, including, without*
20 *limitation, the size of the distributed generation system.*

21 5. *The total cost of the distributed generation system.*

22 6. *An estimated timeline for the installation of the distributed*
23 *generation system.*

24 7. *A payment schedule, including, without limitation:*

25 (a) *The due dates for any deposit; and*

26 (b) *Any subsequent payments that are not to exceed the total*
27 *system cost stated on the cover page pursuant to section 12 of this*
28 *act.*

29 8. *A description of any other one-time or recurring charges,*
30 *including, without limitation, a description of the circumstances*
31 *that trigger any late fees.*

32 9. *The granting to the purchaser the right to rescind the*
33 *agreement for a period ending not less than 3 business days after*
34 *the agreement is signed.*

35 10. *A copy of the warranty for the distributed generation*
36 *system.*

37 11. *A disclosure notifying the purchaser of the transferability*
38 *of the obligations under the warranty to a subsequent purchaser.*

39 12. *A description of the eligibility of the purchaser for any tax*
40 *credits, tax rebates, tax incentives or portfolio energy credits in*
41 *connection with the distributed generation system.*

42 13. *A description of any guarantee of the performance of the*
43 *distributed generation system.*



1 14. A signature block that is signed and dated by the
2 purchaser of the distributed generation system and the solar
3 installation company.

4 Sec. 14. 1. An agreement for the purchase of a distributed
5 generation system must include a written statement that is not
6 more than 3 pages in length and is in at least 10-point font.

7 2. The written statement described in subsection 1 must be
8 separate from the cover page and agreement described in sections
9 12 and 13 of this act.

10 3. The written statement described in subsection 1 must
11 include, without limitation:

12 (a) The name, mailing address, telephone number and
13 electronic mail address of the solar installation company;

14 (b) The name, mailing address, telephone number, electronic
15 mail address and number of the contractor's license of the person
16 who installed the distributed generation system, if different from
17 the solar installation company;

18 (c) The name, mailing address, telephone number, electronic
19 mail address and the number of the contractor's license of the
20 person responsible for all maintenance of the distributed
21 generation system, if different from the solar installation
22 company;

23 (d) The purchase price of the distributed generation system;

24 (e) The payment schedule for the distributed generation
25 system;

26 (f) The approximate start and completion dates for the
27 installation of the distributed generation system;

28 (g) A disclosure notifying the purchaser of the responsible
29 party for obtaining approval for connecting the distributed
30 generation system to the electricity meter on the host customer's
31 side;

32 (h) Assumptions concerning the design of the distributed
33 generation system, including, without limitation:

34 (1) The size of the distributed generation system;

35 (2) The estimated amount of production for the distributed
36 generation system in the first year of operation;

37 (3) The estimated annual degradation to the distributed
38 generation system; and

39 (4) Eligibility for net metering;

40 (i) A disclosure notifying the purchaser if maintenance and
41 repairs of the distributed generation system are included in the
42 purchase;

43 (j) A disclosure describing any warranty for the repair of any
44 damage to the roof of the property owned by the purchaser in



1 connection with the installation or removal of the distributed
2 generation system;

3 (k) A disclosure describing the transferability of the distributed
4 generation system in connection with the purchaser selling his or
5 her property;

6 (l) A description of any guarantees of the performance of the
7 distributed generation system;

8 (m) A description of the basis for any estimates of savings that
9 were provided to the purchaser, if applicable; and

10 (n) A disclosure concerning the retention of any portfolio
11 energy credits, if applicable.

12 **Sec. 15.** A power purchase agreement for the sale of the
13 output of a distributed generation system must include a cover
14 page that provides the following information in at least 10-point
15 font:

16 1. Any factor that might cause an escalation in the price per
17 kilowatt hour.

18 2. An estimated timeline for the installation of the distributed
19 generation system.

20 3. The rate of electricity per kilowatt hour for the first year of
21 the agreement.

22 4. The length of the term of the agreement.

23 5. The amounts due at the signing for and at the completion
24 of the installation or any inspection of the distributed generation
25 system.

26 6. The estimated production of the distributed generation
27 system in the first year of operation.

28 7. A description of the options available at the end of the term
29 of the agreement.

30 8. A description of any option to purchase the distributed
31 generation system before the end of the term of the agreement.

32 **Sec. 16.** A power purchase agreement for the sale of the
33 output of a distributed generation system must include, without
34 limitation, the following information in at least 10-point font:

35 1. The name, mailing address, telephone number, electronic
36 mail address and number of the contractor's license of the solar
37 installation company.

38 2. The name, mailing address, telephone number and
39 electronic mail address of:

40 (a) The lessor of the distributed generation system; and

41 (b) The name, mailing address, telephone number and
42 electronic mail address of the person responsible for all
43 maintenance of the distributed generation system, if different from
44 the solar installation company.

45 3. The length of the term of the agreement.



1 4. *An estimated timeline for the installation of the distributed*
2 *generation system.*

3 5. *The price per kilowatt hour for the first year of the*
4 *agreement.*

5 6. *The estimated annual electrical output of the distributed*
6 *generation system.*

7 7. *Any factor that might cause an escalation in the price per*
8 *kilowatt hour.*

9 8. *A description of any obligation the solar installation*
10 *company has regarding construction and repair of and insurance*
11 *for the distributed generation system.*

12 9. *A description of any one-time or recurring fees, including,*
13 *without limitation, a description of the circumstances that trigger*
14 *any late fees.*

15 10. *A description of any taxes that would apply to the*
16 *agreement.*

17 11. *A copy of the warranty for the distributed generation*
18 *system.*

19 12. *A description of the ownership of any tax credits, tax*
20 *rebates, tax incentives or portfolio energy credits in connection*
21 *with the distributed generation system.*

22 13. *Any terms for renewal of the agreement.*

23 14. *A description of any option to purchase the distributed*
24 *generation system before the end of the term of the agreement.*

25 15. *A description of all options available to the host customer*
26 *in connection with the continuation, termination or transfer of the*
27 *agreement in the event of the:*

28 (a) *Sale of the property to which the distributed generation*
29 *system is affixed; or*

30 (b) *Death of the purchaser.*

31 16. *The granting to the purchaser of the right to rescind the*
32 *agreement for a period ending not less than 3 business days after*
33 *the agreement is signed.*

34 17. *A description of any restrictions that the agreement*
35 *imposes on the modification or transfer of the property to which*
36 *the distributed generation system is affixed.*

37 18. *A description of any guarantees of the performance of the*
38 *distributed generation system.*

39 19. *A disclosure notifying the host customer of the*
40 *transferability of the obligations under the warranty to a*
41 *subsequent purchaser.*

42 20. *A signature block that is signed and dated by the*
43 *purchaser and the solar installation company.*

44 **Sec. 17. 1. A power purchase agreement for the sale of**
45 **output of a distributed generation system must include a written**



1 *statement that is not more than 3 pages in length and is in at least*
2 *10-point font.*

3 2. *The written statement described in subsection 1 must be*
4 *separate from the cover page and agreement described in sections*
5 *15 and 16 of this act.*

6 3. *The written statement described in subsection 1 must*
7 *include, without limitation:*

8 (a) *The name, mailing address, telephone number and*
9 *electronic mail address of the solar installation company;*

10 (b) *The name, mailing address, telephone number, electronic*
11 *mail address and number of the contractor's license of the person*
12 *who installed the distributed generation system, if different from*
13 *the solar installation company;*

14 (c) *The name, mailing address, telephone number, electronic*
15 *mail address and the number of the contractor's license of the*
16 *person responsible for all maintenance of the distributed*
17 *generation system if different from the solar installation company;*

18 (d) *The payment schedule for the distributed generation*
19 *system, including, without limitation, any payments that are due, if*
20 *applicable, at:*

21 (1) *Signing for the distributed generation system;*

22 (2) *Commencement of installation of the distributed*
23 *generation system; and*

24 (3) *Completion of installation of the distributed generation*
25 *system;*

26 (e) *A description of any one-time or recurring fees, including,*
27 *without limitation, a description of the circumstances that trigger:*

28 (1) *Any late fees;*

29 (2) *Estimated fees for the removal of the distributed*
30 *generation system;*

31 (3) *Fees for a notice of removal and refiling pursuant to the*
32 *Uniform Commercial Code;*

33 (4) *Fees for connecting to the Internet; and*

34 (5) *Fees for an automated clearinghouse;*

35 (f) *A statement that describes when payments are due;*

36 (g) *The rate of any payment increases and the date on which*
37 *the first increase in the rate may occur, if applicable;*

38 (h) *Assumptions concerning the design of the distributed*
39 *generation system, including, without limitation:*

40 (1) *The size of the distributed generation system;*

41 (2) *The estimated amount of production for the distributed*
42 *generation system in the first year of operation;*

43 (3) *The estimated annual degradation to the distributed*
44 *generation system; and*

45 (4) *Eligibility for net metering;*



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(i) A disclosure notifying the purchaser of the intent of the owner of the distributed generation system to file a fixture filing, as defined in NRS 104A.2309, on the distributed generation system;

(j) A disclosure notifying the purchaser if maintenance and repairs of the distributed generation system are included in the agreement;

(k) A disclosure describing any warranty for the repair of any damage to the roof of the property owned by the purchaser in connection with the installation or removal of the distributed generation system;

(l) A disclosure describing the transferability of the distributed generation system in connection with the purchaser selling his or her property;

(m) A description of any guarantees of the performance of the distributed generation system;

(n) A description of the basis for any estimates of savings that were provided to the purchaser, if applicable; and

(o) A disclosure concerning the retention of any portfolio energy credits, if applicable.

Sec. 18. If an agreement for the lease or purchase of a distributed generation system or if a power purchase agreement makes a written reference to the price of electricity that is provided by an electric utility, the agreement or power purchase agreement, as applicable, must also provide, in 12-point font, a written statement in substantially the following form:

Actual utility rates may go up or down and actual savings may vary. For further information regarding rates, you may contact your local utility or the Public Utilities Commission of Nevada.

Sec. 19. 1. An agreement for the lease or purchase of a distributed generation system and a power purchase agreement must include an express warranty for the installation of the distributed generation system and the penetration into the roof by the distributed generation system. Such warranties must:

(a) Be express and in writing; and

(b) Expire not earlier than 10 years after the installation of the distributed generation system.

2. An agreement for the lease of a distributed generation system and a power purchase agreement must include an express warranty that:

(a) Is in writing; and

(b) Does not expire earlier than 10 years after the installation of the distributed generation system.



3. *An agreement for the purchase of a distributed generation system must include the following express warranties in writing for the component parts, including parts and labor, of the distributed generation system, either directly from the solar installation company or passed through from the manufacturer of the component parts:*

(a) *For collectors and storage units, not less than a 10-year warranty; and*

(b) *For inverters, not less than a 7-year warranty.*

4. *The provisions of this section that relate to a person who installs a distributed generation system do not apply to a person who installs a system on his or her own property.*

Sec. 20. 1. *The failure of a person to comply with sections 2 to 20, inclusive, of this act constitutes a deceptive trade practice for the purposes of NRS 598.0903 to 598.0999, inclusive.*

2. *No cause of action may be brought against a solar installation company for installing, maintaining and operating a distributed generation system while the solar installation company acted in good faith and in accordance with the provisions of sections 2 to 20, inclusive, of this act.*

Sec. 21. Chapter 701 of NRS is hereby amended by adding thereto the provisions set forth as sections 22 to 25, inclusive, of this act.

Sec. 22. *As used in sections 22 to 25, inclusive, of this act, unless the context otherwise requires, "community solar facility" means any shared facility at which electricity is generated using renewable energy.*

Sec. 23. *Sections 22 to 25, inclusive, of this act may be cited as the Renewable Energy Bill of Rights.*

Sec. 24. *The Legislature hereby declares that each natural person who is a resident of this State has the right to:*

1. *Generate, consume and store renewable energy.*

2. *If the person generates renewable energy pursuant to subsection 1, be allowed to connect his or her system that generates renewable energy with the electricity meter on the customer's side that is provided by an electric utility or any other person named and defined in chapters 704, 704A and 704B of NRS:*

(a) *In a timely manner; and*

(b) *Without any unnecessary, burdensome or restrictive requirement.*

3. *Equitable treatment of any energy exported to the grid.*

4. *Consumer protections in contracts for renewable energy pursuant to sections 2 to 20, inclusive, of this act.*



1 5. *Certainty of the terms for interconnection and treatment of*
2 *exported energy for the duration of the system.*

3 6. *Have his or her generation of renewable energy be a*
4 *resource of first choice for this State by giving it priority in*
5 *planning and acquisition of energy resources by an electric utility.*

6 7. *Have access to a community solar facility.*

7 8. *Remain within the existing broad rate class regardless of*
8 *the technologies on the customer's side of the electricity meter,*
9 *including, without limitation, energy production, energy savings,*
10 *energy consumption or energy shifting technologies, provided that*
11 *such technologies do not compromise the safety and reliability of*
12 *the utility grid.*

13 **Sec. 25.** *The Director shall cause:*

14 1. *To be prepared in simple, nontechnical terms a pamphlet*
15 *setting forth the Renewable Energy Bill of Rights.*

16 2. *A copy of the pamphlet to be:*

17 (a) *Posted on the Internet website maintained by the Office of*
18 *Energy; and*

19 (b) *Made available to any person upon request at the offices of*
20 *the Office of Energy and the public libraries in each county of this*
21 *State.*

22 **Sec. 26.** This act becomes effective on July 1, 2017.



